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United Nations

Financial report and audited financial statements

for the biennium ended 31 December 2009

and

Report of the Board of Auditors

Volume I
United Nations

General Assembly
Official Records
Sixty-fifth Session
Supplement No. 5

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Volume I
United Nations

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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BINUB	United Nations Integrated Office in Burundi
BONUCA	United Nations Peacebuilding Support Office in the Central African Republic
CEB	Chief Executives Board for Coordination
CERF	Central Emergency Response Fund
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
ICJ	International Court of Justice
ICSC	International Civil Service Commission
IMIS	Integrated Management Information System
INSTRAW	International Research and Training Institute for the Advancement of Women
IPSAS	International Public Sector Accounting Standards
ITC	International Trade Centre UNCTAD/WTO
MINUCI	United Nations Mission in Côte d'Ivoire
MINUSTAH	United Nations Stabilization Mission in Haiti
OCHA	Office for the Coordination of Humanitarian Affairs
OHCHR	Office of the United Nations High Commissioner for Human Rights
OIOS	Office of Internal Oversight Services
UNAKRT	United Nations Assistance to the Khmer Rouge Trials
UNAMA	United Nations Assistance Mission in Afghanistan
UNAMET	United Nations Mission in East Timor
UNAMI	United Nations Assistance Mission for Iraq
UNCTAD	United Nations Conference on Trade and Development

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UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFIP	United Nations Funds for International Partnership
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNIIIC	United Nations International Independent Investigation Commission
UNIOSIL	United Nations Integrated Office in Sierra Leone
UNIPSIL	United Nations Integrated Peacebuilding Office in Sierra Leone
UNMIN	United Nations Mission in Nepal
UNMISET	United Nations Mission of Support in East Timor
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNOGBIS	United Nations Peacebuilding Support Office in Guinea-Bissau
UNOP	United Nations Office for Partnerships
UNOTIL	United Nations Office in Timor-Leste
UNOWA/ CNMC	United Nations Office in West Africa/Cameroon-Nigeria Mixed Commission
UNPOS	United Nations Political Office for Somalia
UNSCO	Office of the United Nations Special Coordinator for the Middle East Peace Process
UNTSO	United Nations Truce Supervision Organization
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

Letters of transmittal

31 March 2010

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the United Nations for the biennium ended 31 December 2009, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) **BAN** Ki-moon

The Chair of the Board of Auditors
United Nations
New York

30 June 2010

I have the honour to transmit to you Volume I of the report of the Board of Auditors on the financial statements of the United Nations for the biennium ended 31 December 2009.

Terence **Nombembe**
Auditor-General of South Africa and
Chair of the United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Chapter I

Report of the Board of Auditors: audit opinion

Report on the financial statements

We have audited the accompanying financial statements of the United Nations, which comprise the statement of assets, liabilities and reserves and fund balances (statement II) as at 31 December 2009; the statement of income and expenditure and changes in reserves and fund balances (statement I) and the statement of cash flows (statement III) for the biennium then ended; and the supporting statements, schedules and explanatory notes.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of these financial statements in accordance with the United Nations system accounting standards and for such internal control as the management deems is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations for the biennium as at 31 December 2009 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the United Nations that have come to our notice, or which we have tested as part of our audit, have in all

significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations and the related annex, we have also issued a long-form report on our audit of the United Nations.

Terence **Nombembe**
Auditor-General of South Africa
Chair of the United Nations Board of Auditors

Didier **Migaud**
First President of the Court of Accounts of France
(Lead Auditor)

Liu Jiayi
Auditor-General of China

30 June 2010

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors (the Board) has audited the financial statements and reviewed the operations of the United Nations for the biennium ended 31 December 2009. The audit was carried out through field visits to Addis Ababa, Bangkok, Beirut, Bogotá, Dakar, Freetown, Geneva, Kathmandu, Islamabad, Jerusalem, Mexico, Nairobi, Phnom Penh, Santiago, Santo Domingo, The Hague, Turin and Vienna, as well as a review of the financial transactions and operations at Headquarters in New York.

Audit opinion

The Board issued an unmodified audit opinion on the financial statements for the period under review, as reflected in chapter I.

Follow-up of previous recommendations of the Board

Of the 70 recommendations made for the biennium 2006-2007, 38 (54 per cent) were fully implemented; 26 (37 per cent) were under implementation; 3 (4 per cent) were not implemented; and 3 (4 per cent) were overtaken by events.

The Board evaluated the ageing of its previous recommendations that had not yet been fully implemented and noted that one recommendation related to the biennium 2002-2003 and another one was made in the biennium 2004-2005.

Financial overview for the biennium ended 31 December 2009

For the period under review, total income was $9.71 billion, compared with $7.98 billion for the previous biennium, an increase of 21.7 per cent. Total expenditure amounted to $9.28 billion, compared with $6.94 billion for the previous biennium, an increase of 33.7 per cent. This resulted in a net excess of income over expenditure of $585.2 million, compared with an excess of $667.4 million in the previous biennium.

The increase in the Organization's income was due mainly to an increase in assessed contributions (up by 16.8 per cent), which was the result of an increase in assessments for the regular budget and the capital master plan. The increase in income was also due to a rise in voluntary contributions (up by 22 per cent), in particular those paid into general funds for special uses in the areas of human rights and humanitarian affairs (27.4 per cent) and in the area of political affairs (96.6 per cent). In addition, other miscellaneous income increased compared with the previous biennium, from $574.1 million to $1.02 billion, mainly owing to a large increase for the "other special funds" and, more especially, the "contributions from staff and the United Nations", which rose from $154.7 million to $651.8 million. The latter increase is mainly explained by the change in the presentation of premiums and medical claims.

The increase in overall expenditure was due primarily to (a) the execution of the capital master plan and associated operations, whose expenditure rose from $82.9 million to $837.1 million, which accounted for one third of the total increase in expenditure; (b) the increase in expenditure of special funds in relation to staff health claim reimbursements (from $130.5 million to $601.7 million), which accounted for another third of the total increase; and (c) the increase in expenditure of the General Fund and related funds in relation to staff and personnel costs, which accounted for the last third of the total increase.

Total reserves and fund balances amounted to $2.63 billion at the end of the biennium 2008-2009, compared with $1.35 billion at the end of the previous biennium.

Statement of assets and liabilities, and reserves and fund balances

The value of the Organization's assets increased by 37.6 per cent compared with the previous biennium, amounting to $7.21 billion, as at 31 December 2009, owing to (a) an increase of $700.8 million in construction in progress in relation to the capital master plan; and (b) an increase of 42.8 per cent in the cash pool.

The Organization's total liabilities increased to $4.58 billion, from $3.88 billion in the previous biennium, resulting mainly from the recording of unliquidated obligations for the capital master plan in the amount of $542.2 million.

The value of the acquisitions relating to the capital master plan was $8.8 million according to inventory data provided by the Facilities Management Service. The same item amounted to $20.9 million according to the accounting data used for note 14 to the financial statements. The Administration explained that that discrepancy of $12.1 million was due to the fact that the value used for the financial statements was based on the aggregate value of non-expendable property assets acquired for the capital master plan, to complete recording of the individual items of which in the property management database maintained by the Facilities Management Service was pending. The Board is of the view that the Administration needs to strengthen and expedite the reconciliation process between the physical inventory data and the accounting data relating to non-expendable property to ensure a fair valuation of those items in the notes to the financial statements.

Progress towards the implementation of the International Public Sector Accounting Standards

The Board found that the International Public Sector Accounting Standards (IPSAS) project team was not fully staffed. Additionally, the detailed timetable and project plan for IPSAS implementation had to be prepared and approved by the project steering committee. The timetable for enterprise resource planning (information systems) upgrades necessary to adopt IPSAS also had to be approved.

At two regional commissions, the Economic Commission for Latin America and the Caribbean (ECLAC) and the Economic and Social Commission for Asia and the Pacific (ESCAP), the Board noted that the overall level of preparation for and involvement in the implementation of IPSAS was inadequate.

Technical cooperation activities

At the United Nations Assistance to the Khmer Rouge Trials (UNAKRT), the formulation of budget requests did not sufficiently take into account past expenses. In addition, neither UNAKRT nor United Nations Headquarters had developed tools to support the strategic management of the operation to assist the Extraordinary Chambers in the Courts of Cambodia. The annual report of UNAKRT for 2008 contained no performance indicators. The preliminary draft of the annual report for 2009 that was made available to the Board also did not contain any.

Inactive funds

The Board reviewed the trust funds included in the financial statements of the United Nations with a view to identifying funds that did not record any expenditure or income, except interest income. The Board labels these funds "inactive". They may have recorded transactions, but those transactions are not reflective of actual, substantive activity. Out of a total of 390 trust funds, including subfunds, consolidated in Volume I, the Board found that 114 funds (29 per cent), including subfunds, were "inactive".

In total, 90 funds out of the 114 "inactive" funds (76 per cent) remained open during the biennium 2008-2009 owing to the lateness of the closing/review procedure. In some instances, the review of inactive funds by the Administration was prompted by the Board's examination, which evidences insufficient monitoring of the activity of funds. The complete list of these funds is shown in annex III.

End-of-service and post-retirement liabilities

Total end-of-service and post-retirement liabilities amounted to $2.18 billion as at 31 December 2009, compared with $2.33 billion as at the end of the previous biennium. This represents a decrease of $157.3 million, or 6.4 per cent, mainly explained by the change in accounting estimates and accounting policy regarding both the liability for after-service health insurance, the liability for repatriation benefits and the liability for unused vacation days, as disclosed in note 11 to the financial statements.

In accordance with General Assembly resolution 64/241, the Board reviewed these figures within the limits of its own mandate as set out in article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, and in accordance with the International Standards on Auditing. The Board did not find any significant issue with respect to the valuation of the liabilities listed above and is in a position to validate the value of the after-service health insurance liability shown in financial statement XI.

The Board, however, made some observations regarding the actuarial methodology in general, and the discount rate in particular.

The annual leave liability amounted to $96 million as at 31 December 2009. Whereas the annual leave liability had previously been estimated using the current-cost methodology, the Administration changed its accounting policy and calculated that liability on the basis of an actuarial valuation performed by an external consultant. The Board is of the view that this methodology is not compliant with IPSAS 25.

Results-based management/budgeting

The analysis of the programme budget for the biennium 2008-2009 with respect to the programmes and subprogrammes selected by the Board for review led to following findings:

(a) The formulation of objectives sometimes lacked clarity, rendering them too vague to be measurable. Some objectives presupposed no progress or improvement and were stated in terms of "ensuring" rather than "improving". In other cases, their formulation rendered any effective accomplishment illusory, using expressions such as "full use", for example.

(b) The link between expected accomplishments and the corresponding objective was sometimes difficult to identify, or even practically non-existent. Expected accomplishments were often too generic and therefore difficult to measure: some referred, for example, to "high quality" instead of introducing the notion of progress.

(c) Indicators of achievement were often flawed. Their link with expected accomplishments was sometimes limited, even completely non-existent. They were sometimes drafted in such a way that the final user was unable to fully comprehend their meaning owing to their lack of precision. Actual measuring of the achievement could prove problematic from a methodological point of view when it depended on factors outside the Organization's control. For instance, the decline in the number of complaints concerning the holding of conferences, which was an indicator for the "Conference management" programme, could have been due to several factors not necessarily the result of any improvement in this service. Finally, the indicators sometimes measured an activity and not the expected performance. Such indicators could hardly be considered as performance indicators when the only measurement recorded concerned the production of a certain number of reports.

External factors which were supposed to justify the failure to achieve objectives were stated in terms too vague to be effective, with the result that they could be used in multiple ways by programme managers to explain the absence of performance.

More fundamentally, the Board found that there were many structural, deep-rooted obstacles to changing the results-based budgeting system as currently designed and implemented.

In the instructions on the preparation of budget proposals, programme managers were encouraged to realign resources to ensure the best delivery of outputs to meet needs. Nevertheless, the current reporting structure and the various authorizations required for any transfer of resources were so onerous and restrictive that programme managers preferred to retain the same objects of expenditure from one year to the next, by proving that they, the programme managers, correctly delivered the outputs required.

The Board is therefore of the view that the current process is a long way from allowing improvement in the effectiveness and efficiency of the Organization. The expectations behind the decision to develop results-based budgeting do not appear to have been matched by the process as implemented within the Secretariat.

Treasury management

Concerning the extent to which the investment strategy has been formalized in the United Nations Investment Management Guidelines, the Board found that while the technical characteristics of the authorized investment tools were described, the link between the composition of the portfolio, its liquidity, its profitability and its exposure to the various risks identified was not documented precisely. For example, while treasury needs should first be met by liquid assets, especially for the daily deposits, no minimum outstanding amount had yet been determined for very short-term investments, the proportion of which had increased considerably over the biennium.

According to the Administration, the nature of the portfolio called for the ability to adapt quickly to market conditions, which was difficult to reconcile with overly formal decision-making procedures, as long as the prioritization of the objectives described in the guidelines was observed. The Board is of the view that the situation of the financial markets underlines the need for better security, which is to be achieved by revising the investment policy guidelines to make them stricter and more binding. The broad definition of the objectives set out in the current United Nations Investment Management Guidelines made it possible to narrow them down while keeping sufficient room for manoeuvre for the Treasury.

In addition, only the limit on the maximum total amount of investments to be carried out with a given counterparty was monitored by the Administration. No other limits established in the United Nations Investment Management Guidelines were monitored. There was therefore a risk of those limits being exceeded and of the risk management policy not being complied with.

Programme and project management

Publishing policy

The United Nations Publications Board, whose mission is to promote greater efficiency in United Nations publishing processes by introducing coordination mechanisms, had, for several years, no longer been meeting and its exchanges took place via electronic means. It was supposed to examine issues such as the placement of the United Nations emblem on certain publications and the attribution of texts to their authors by name. However, the coordination function no longer existed. Adequate oversight and transparency of budget and cost issues were also lacking, as there was no longer an office attached to the Publications Board systematically checking the availability of funds and their proper allocation.

The editorial priorities of the Department of Economic and Social Affairs for 2009 were set out in an internal document that established five key publishing guidelines for the year: strengthening development, assisting in the achievement of the Millennium Development Goals (conferences, supporting documents), providing assistance in the response to the financial crisis (reports, supporting documentation), contributing to climate change objectives and strengthening expertise (statistics, advancement of women, etc.). In principle, divisions were required to direct their programmes along those guidelines. The examination of current publications showed that they could hardly be linked to the priorities set for 2009; rather, the Board found a profusion of publications. This was the result of several factors, which included the autonomy in programming and implementation of work of each division, specialization and the technical nature of a number of the issues addressed, the specific nature of readerships and the organization of the Department of Economic and Social Affairs itself. The editorial line of the Department existed only partially,

since there was no joint editorial board that would have initially monitored and approved issues addressed. Downstream in the publication process, the editorial line was in part assured by the agreement given by the Under-Secretary-General for the publication of documents once they had been read by him; nevertheless, in view of the number of publications, it was possible to monitor only a small proportion of them in that way and so to make up for the limited editorial consistency upstream in the publication process.

Safety and security

The existing organization and staffing of the New York-based "head office" of the Division of Headquarters Security and Safety Services was inadequate for that Division to discharge its mandate under satisfactory conditions. Two Security Coordination Officers responsible for coordinating security measures were insufficient to coordinate adequately all the security and safety services of the eight headquarters and regional commissions, as well as of the two international tribunals. In addition, neither the head office of the Division of Headquarters Security and Safety Services nor the Compliance, Evaluation and Monitoring Unit of the Department of Safety and Security was performing second-level internal controls over the implementation of security standards at the United Nations Headquarters locations.

Procurement and contract management

The Board found several issues regarding procurement matters in special political missions of modest size. Most of those issues derived from the imprecise legal and procedural framework applicable to the support of the special political missions by United Nations Headquarters. As a result, those missions did not have a proper delegation of procurement authority, but nevertheless engaged in procurement activities. They were provided with limited support from Headquarters in that regard because of a lack of coordination between the various departments involved.

Human resources management

The Board found that the set of staff competencies currently used by the United Nations dated back to 1999. Since then, however, the Organization had experienced significant changes in terms of staff and missions, in particular the greater number of peacekeeping operations, without the set of competencies having been changed. That set proved to contain loopholes which required to be addressed.

The Board also found that, in many offices of the Secretariat and related entities, the monitoring of training efforts was inadequate, especially as far as mandatory training and training needs assessments were concerned. In the Department of Public Information, for instance, the Board noted that the two strictly mandatory training modules relating to ethical principles and integrity, on the one hand, and to abuse of authority and sexual harassment, on the other, had a very low rate of accomplishment (respectively, by 9.1 per cent and 18.1 per cent of the staff). In addition, the Board found that the Department of Public Information did not have formalized material indicating the training strategy of the Department, nor an overall ex post facto analysis of the results obtained, either for the staff members or for the services. The same lack of a training strategy and/or assessment of the training needs of the staff was also detected by the Board at the United Nations Office for West Africa, the Economic Commission for Africa and the United Nations Military Observer Group in India and Pakistan.

In addition, the Office of Human Resources Management of the Secretariat was not aware of the amount or destination of training expenditure financed from extrabudgetary resources. Therefore, no assurances could be given that that expenditure was not duplicating expenditure financed by the Office. Moreover, the absence of exhaustive financial information meant that it was difficult to envisage a global training policy.

Cases of fraud and presumptive fraud

The Board examined the cases of fraud and presumptive fraud submitted by the Administration for the biennium 2008-2009 in accordance with the Financial Regulations and Rules of the United Nations. The Board noted that the Administration had identified and investigated 21 cases of fraud and presumptive fraud, to a total value of $730,049, for the biennium 2008-2009, which represented an increase of 50 per cent in the number of cases and 13 per cent in value compared with the biennium 2006-2007.

Main recommendations

The Board made several recommendations based on its audit. The main recommendations are that:

(a) **The Secretariat (i) plan for the automated preparation of the financial statements under Umoja and (ii) without waiting for the implementation of Umoja, enhance internal documentation on the preparation of the financial statements and more generally on all financial procedures, notably by updating the Financial Manual (para. 25);**

(b) **The Secretariat define a strategy to streamline and further automate the management of voluntary contributions, along the lines of the redesign of assessed contributions procedures (para. 62);**

(c) **The Secretariat strengthen internal control over the inactive technical cooperation trust funds and expedite the closing of those funds that need to be closed (para. 98);**

(d) **The Secretariat formalize the distribution of tasks between the Office of Legal Affairs, the Controller's Office and the Department of Economic and Social Affairs for the management of the United Nations Assistance to the Khmer Rouge Trials (UNAKRT) (para. 107);**

(e) **The Secretariat ensure that UNAKRT sets up a dashboard for all parties that contains the main indicators (vacancy rate for posts, turnaround time and productivity for the translation unit, turnaround time and productivity for processing requests for complainants) (para. 121);**

(f) **The United Nations Conference on Trade and Development (UNCTAD) continue its efforts to rationalize the technical cooperation trust funds by preparing each year for the Trade and Development Board: (i) a list of new trust funds with a brief justification for their establishment; and (ii) a list of inactive funds with an explanation of the reasons for their continuation (para. 131);**

(g) UNCTAD (i) prepare a management manual for technical cooperation projects that brings together all applicable procedures, in particular in the area of monitoring; and (ii) make sure that progress reports are distributed to donors by the Technical Cooperation Service as stipulated in the funding agreements (para. 135);

(h) The Secretariat strengthen internal controls to ensure the accuracy of its payable and receivable balances with counterpart entities as at the end of the financial period (para. 160);

(i) The Secretariat reduce the time taken for certifying invoices so as to conform to accrual-based accounting (para. 164);

(j) The Secretariat review the logical framework of results-based budgeting with a view to making it more precise (para. 203);

(k) The Secretariat ensure that the choice of investment solutions and the link between the composition of the portfolio, its liquidity, its profitability objective and its exposure to risks are more precisely formalized and documented in the United Nations Investment Management Guidelines (para. 237);

(l) The Secretariat enhance the reporting on (i) the investment strategy chosen and (ii) the daily implementation of that strategy (para. 240);

(m) The Secretariat (i) define, formalize and implement procedures relating to the monitoring of all the limits set forth in the United Nations Investment Management Guidelines; and (ii) design and maintain a consolidated score card integrating the monitoring of all limits, with a view to reporting the results of that monitoring to the Investment Committee (para. 245);

(n) The Secretariat re-examine and, where necessary, redistribute the missions and activities of the Publications Board (para. 251);

(o) The Secretariat ensure that the Department of Economic and Social Affairs takes measures to increase the coordination of publications, in terms of both content and editorial priorities, in particular in order to avoid overlap in publications (para. 256);

(p) The Secretariat ensure that the Department for General Assembly and Conference Management conducts a performance analysis for all meetings with interpretation and for each conference centre (para. 270);

(q) The Secretariat reassess the staffing needs of the New York-based head office of the Division of Headquarters Security and Safety Services of the Department of Safety and Security (para. 294);

(r) The Secretariat ensure that Department of Safety and Security significantly strengthens its system of internal control over the implementation of minimum operational security standards at United Nations Secretariat headquarters locations (para. 305);

(s) The Secretariat ensure that the Department of Political Affairs, together with the Department of Management and the Department for Field Support, agrees on a precise and operational division of responsibilities for the administrative backstopping of special political missions, especially regarding procurement (para. 320);

(t) The Secretariat strengthen and expedite the reconciliation process between the physical inventory data and the accounting data relating to non-expendable property to ensure a fair valuation of those items in the notes to the financial statements (para. 336);

(u) The Secretariat assess the need to update the set of competencies in order to: (i) adapt competencies to the current requirements of the Organization; (ii) clarify the definition of competencies and levels; (iii) introduce competencies in relation to technical expertise, apart from behavioural and managerial competencies (para. 366);

(v) The Secretariat appraise the functioning of recruitment panels and review the features of the training in competency-based recruitment (obligation to attend, duration and content) (para. 372);

(w) The Secretariat assess its total training expenditure, irrespective of the nature of this expenditure and the origin of the corresponding resources (para. 383);

(x) The Secretariat ensure that the Office of the United Nations Ombudsman and Mediation Services guarantees, while drawing up its new tracking mechanisms, that the data used to measure the activity and the performance of the Office are auditable, while preserving confidentiality (para. 449); and

(y) The Office of Internal Oversight Services expedite the completion of its risk assessments of all the entities over which it has authority (para. 454).

The Board's other recommendations appear in paragraphs: 33, 37, 51, 60, 66, 71, 93, 156, 191, 208, 212, 216, 220, 223, 227, 242, 260, 265, 274, 282, 286, 311, 323, 329, 330, 341, 348, 352, 356, 360, 377, 387, 390, 402, 409, 413, 420, 425, 432, 437, 445, 456, 476, 481 and 487.

A. Mandate, scope and methodology

1. The Board of Auditors (the Board) has audited the financial statements of the United Nations and has reviewed its operations for the financial biennium from 1 January 2008 to 31 December 2009, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the United Nations as at 31 December 2009 and the results of its operations and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence, to the extent that the Board considered necessary to form an opinion on the financial statements.

3. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of the United Nations operations under financial regulation 7.5. This requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the United Nations operations. The General Assembly had also requested the Board to follow up on previous recommendations and to report on it accordingly. Those matters are addressed in the relevant sections of the present report.

4. The Board continues to report the results of audits to the United Nations in the form of management letters containing detailed observations and recommendations. This practice allows for ongoing dialogue with the Administration. In this regard, 40 management letters were issued covering the period under review.

5. The Board coordinates with the Office of Internal Oversight Services (OIOS) in the planning of its audits to avoid duplication of efforts and to determine the extent of reliance that can be placed on the latter's work.

6. Where observations in the present report refer to specific locations, such observations are limited to those locations only.

7. The present report covers matters that, in the view of the Board, should be brought to the attention of the General Assembly, including specific requests from the General Assembly and the Advisory Committee on Administrative and Budgetary Questions. In particular, the Advisory Committee in its report (A/63/474) requested the Board to:

(a) Strengthen its validation process with a view to improving its ability to evaluate the results and impact of the efforts of the United Nations to implement the Board's recommendations;

(b) Continue to closely monitor the application of the International Public Sector Accounting Standards (IPSAS) as well as the preparatory process for the implementation of the enterprise resource planning system;

(c) Follow up on the incomplete risk-based methodological framework of the Internal Audit Division of OIOS, as well as the low rate of completion of planned assignments;

(d) Continue to place emphasis on the review of results-based budgeting and results-based management.

8. The Board's observations and conclusions were discussed with the Administration, whose views have been appropriately reflected in the present report.

9. The recommendations contained in the present report do not address steps which the United Nations may wish to consider in respect of officials for instances of non-compliance with its Financial Regulations and Rules, administrative instructions and other related directives.

B. Findings and recommendations

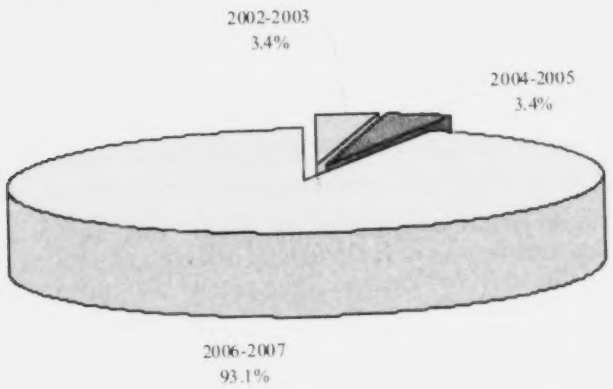
1. Follow-up of previous recommendations

10. Of the 70 recommendations made for the biennium 2006-2007, 38 (54 per cent) were fully implemented; 26 (37 per cent) were under implementation; 3 (4 per cent) were not implemented; and 3 (4 per cent) were overtaken by events. Details of the status of implementation of those recommendations are shown in annex I.

11. The Board reiterates all its previous recommendations which were either under implementation or not implemented. They were contained in the following paragraphs of its report for the previous biennium (A/63/5 (Vol. I)): 27, 41, 47, 51, 67, 74, 151, 152, 185, 186, 201, 203, 207, 209, 217, 231, 236, 239, 250, 257, 261, 262, 304, 316, 328, 356, 360, 364, 369 and 376.

12. In response to the request of the Advisory Committee on Administrative and Budgetary Questions (A/59/736, para. 8), the Board evaluated the ageing of its previous recommendations that had not yet been fully implemented and the financial periods in which such recommendations were first made, as indicated in figure II.I.

Figure II.I
Ageing of recommendations under implementation/not implemented for the previous bienniums



Recommendations not implemented

13. Of the three recommendations not implemented by the Administration, two (A/63/5 (Vol. I), paras. 261-262) were in relation to the management of the working languages. The Board acknowledges the difficulty of implementing those recommendations, given the programme budget implications, as well as implications for the employment of United Nations staff. The Board has, therefore, taken note of General Assembly resolution 63/246 A, paragraph 9 and considers the matter closed.

14. The last unimplemented recommendation (A/63/5 (Vol. I), para. 364) consisted in a request that the United Nations Office at Vienna identify its management costs and their breakdown between it and the United Nations Office on Drugs and Crime. The Secretariat explained that it did not currently determine and attribute common service costs; there was no cost-accounting system in place; and the issue was not only specific to Vienna. The Board will revert to this matter in the context of its next audit.

Recommendations overtaken by events

15. As already mentioned in the Board's report on the implementation of its recommendations relating to the biennium 2006-2007 (A/64/98, para. 24), the recommendation pertaining to the shared roster of consultants for use by all divisions of the Department of Economic and Social Affairs (A/63/5 (Vol. I), para. 308 (b)) became overtaken by events, as the Office of Human Resources Management decided to develop a central roster of consultants to be used by the whole Secretariat.

16. The Board had recommended in its previous report that the Organization keep under review the question of the accounting treatment of uncollected assessed contributions (A/63/5 (Vol. I), para. 61). The General Assembly recalled that the issue of outstanding contributions was a policy matter for the General Assembly. The Administration further specified that the Organization's policies with regard to the accounting treatment of uncollected assessed contributions were in compliance

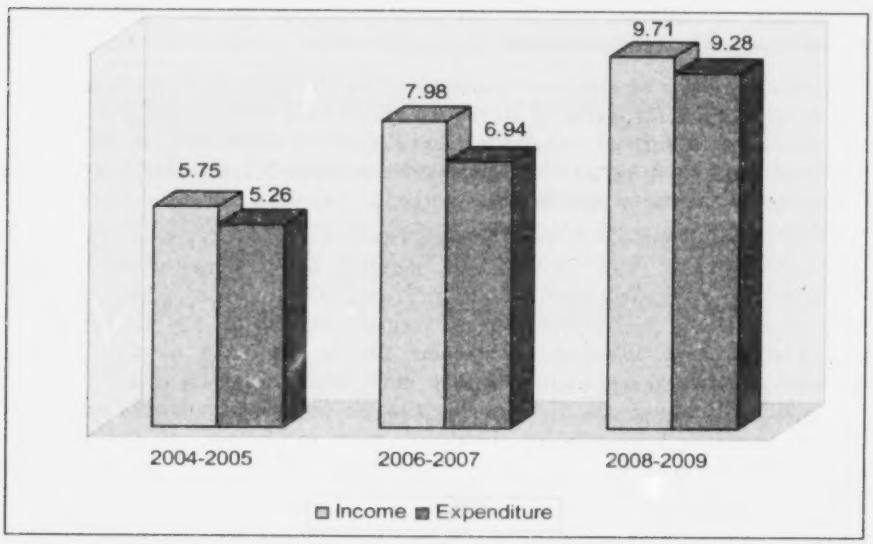
with General Assembly decisions and the United Nations system accounting standards. The Board therefore decided to close its consideration of the matter.

17. In its previous report (A/63/5 (Vol. I), para. 377), the Board had recommended that the Administration include in the cases of fraud and presumptive fraud transmitted to the Board those cases detected and investigated by the Investigations Division of OIOS and the Procurement Task Force. The Administration indicated that the reports included information provided directly by the various offices and departments, as well as cases which were still in their preliminary stages that had not yet been referred to OIOS for further investigation; such cases might be closed by the programme managers and might never be reported to OIOS. However, considering the operational independence of OIOS, the Secretariat further indicated that it was not in a position to obtain from OIOS the cases under investigation by the latter. Therefore, the Board closed its consideration of the matter.

2. Financial overview[1]

18. Total income for the period under review amounted to $9.71 billion while total expenditure amounted to $9.28 billion, which resulted in a net excess of income over expenditure of $585.2 million, compared with an excess of $667.4 million in the preceding biennium. Comparative income and expenditure for the financial periods 2004-2005, 2006-2007 and 2008-2009 are shown in figure II.II.

Figure II.II
Comparative income and expenditure
(Billions of United States dollars)



[1] Figures for the biennium ended 31 December 2007 have been restated in the financial statements for the biennium ended 31 December 2009, mainly because of changes in the scope of the financial statements. Unless indicated otherwise, the figures for the biennium 2006-2007 used in the present report for comparative purposes are the restated figures disclosed in financial statements for the biennium 2008-2009

19. An analysis of the key financial ratios shown in table II.1 confirms the healthy financial status of the Organization, especially in terms of its cash position. The assessed contributions receivable to total assets ratio has improved since the previous biennium from 0.11:1 as at 31 December 2007 to 0.05:1 as at 31 December 2009, which means that the share of the assessed contributions receivable in the total assets decreased. This is corroborated by the significant increase in the Organization's total cash, which allowed the cash to liabilities ratio to rise from 0.72:1 as at 31 December 2007 to 0.86:1 as at 31 December 2009.

Table II.1
Ratios of key financial indicators

Ratio	*Biennium ended 31 December*			*Component of 2009 ratio*[a]
	2005	*2007*	*2009*	
Assessed contributions receivables/total assets[b]	0.1	0.11	0.05	366/7 206
Total cash[c]/total assets[d]	0.51	0.53	0.55	3 953/7 206
Total cash[c]/total liabilities[e]	1.9	0.72	0.86	3 953/4 578
Unliquidated obligations/total liabilities[f]	0.55	0.23	0.35	1 581/4 578

[a] In millions of United States dollars.
[b] A low indicator depicts a healthy financial position.
[c] Cash and term deposits and cash pools.
[d] A high indicator depicts a healthy financial position.
[e] A low indicator is a reflection that insufficient cash is available to settle debts.
[f] A low indicator is a positive reflection that obligations are being liquidated.

Preparation of financial statements

20. While auditing the financial statements of the United Nations, the Board noted that the procedures for preparing all the statements were cumbersome and involved a great number of manual operations. Indeed, financial statements are not directly generated from the Integrated Management Information System (IMIS), except for those concerning general trust funds.

21. As a general procedure, the Accounts Division of the Secretariat extracts the trial balances from IMIS for the funds included in the scope of the financial statements for the United Nations. The Accounts Division then applies numerous adjustments to the trial balances using various spreadsheets for the purpose of reclassifying some operations. For some fund types, such as the technical cooperation funds, the procedure is even more complex, which makes it almost impossible to reconcile the figures shown in the financial statements with those derived from the trial balances. Many of those adjustments do not follow a predetermined course of action. They are different from one fund to another and may vary from one biennium to the next.

22. This way of proceeding is due in part to the limits of the current IMIS and to the functioning of fund-based accounting. The large number of funds (506) consolidated in Volume I only renders the situation more complex. The Board is of the view that such a procedure entails a high risk of errors and is not efficient.

23. The Administration has made progress in documenting the adjustments made to the trial balances for the preparation of the financial statements; this facilitates

the audit and mitigates the risks of errors, although to a limited extent. This documentation, however, is drafted concurrently with the preparation of the financial statements. There is no guide explaining how the financial statements ought to be prepared, a guide which could be used for each biennium. Consequently, the entire process of preparation of the financial statements relies on the knowledge of the staff currently in charge. The Board is of the view that such reliance on institutional memory is hazardous.

24. More generally, the Board found that the documentation on financial procedures was insufficient. The Administration had issued a Financial Manual in the early 1980s. The updating of that Manual has been discontinued, with the result that it is now obsolete. The Administration indicated that a revised version of the Manual was being drafted, but it had still not been issued as of April 2010. The Administration also argued that the merit of such an update was limited, in view of the forthcoming implementation of Umoja and the related re-engineering of business processes. The Board, however, recalls that two bienniums will have passed before Umoja is implemented, provided that no delays affect the project. The obsolete nature of the Financial Manual is not only detrimental to the secure implementation of financial procedures throughout the Secretariat, it is also an impediment to the re-engineering of those procedures in the context of Umoja. Sound re-engineering demands that current processes be well documented.

25. **The Administration agreed with the Board's recommendation that it:**

(a) **Plan for the automated preparation of the financial statements under Umoja;**

(b) **Without waiting for the implementation of Umoja, enhance internal documentation on the preparation of the financial statements and, more generally, on all financial procedures, notably by updating the Financial Manual.**

3. Progress towards the implementation of the International Public Sector Accounting Standards

26. In accordance with General Assembly resolution 61/233 A, and in response to the comments of the Advisory Committee on Administrative and Budgetary Questions (A/61/350 and Add.1), the Board carried out a gap analysis relating to the implementation of IPSAS, as well as new or upgraded enterprise resource planning systems. The Advisory Committee had commented on the desirability of such systems taking fully into account the detailed requirements of IPSAS.

(a) System-wide matters

27. Upon examining the status of implementation of IPSAS, the Board noted the following:

(a) Progress had been made as to the adoption and approval of United Nations system-wide harmonized accounting policies and recommended accounting practices compliant with IPSAS for application by the Finance and Budget Network. To date, the new accounting guidelines approved are those pertaining to IPSAS 1 (Presentation of financial statements), IPSAS 2 (Cash flow statements), IPSAS 5 (Borrowing costs), IPSAS 12 (Inventories), IPSAS 17 (Property, plant and equipment), IPSAS 23 (Revenue from non-exchange transactions (taxes and transfers)), IPSAS 24 (Presentation of budget information in financial statements) and IPSAS 25 (Employee benefits);

(b) According to the second progress report on the adoption of International Public Sector Accounting Standards by the United Nations (A/64/355), "the system-wide Project Team developed 14 new accounting guidance papers and 3 policy papers during the 15-month period from 1 April 2008 to 30 June 2009" (para. 12).

(b) Matters relating to the United Nations

28. With regard to the United Nations, the Board noted that:

(a) The delay in funding the enterprise resource planning system, which serves as the backbone for the implementation by the United Nations of IPSAS for accounting and financial transactions, would result in the postponement of compliance with IPSAS to 2014 at the earliest, instead of 2010 as originally targeted. According to the above-mentioned second progress report on the adoption of IPSAS, the main reasons reported by organizations for the deferral of IPSAS implementation were the following:

(i) Delays experienced in gaining approval for the necessary funding;

(ii) The need to align IPSAS timetables with related enterprise resource planning project timetables; the enterprise resource planning system for the Secretariat, Umoja, was expected to be deployed over the course of 2013;

(iii) An improved appreciation of the scale and complexity of the work involved after completing a diagnosis of required procedures and systems changes;

(iv) Problems in recruiting and retaining project staff;

(v) Competing reform initiatives limiting the ability of staff to engage on IPSAS issues;

(b) The United Nations IPSAS project team was working in close collaboration with the team in charge of the implementation of the Umoja project. Indeed, the IPSAS project team had to elaborate the specifications to be respected by the other team so that the new enterprise resource planning system would work in a harmonious way with IPSAS;

(c) The governance structure was being strengthened to provide more robust guidance; in that context, the role and membership of the United Nations IPSAS Steering Committee had been expanded to include representation from the field and all major stakeholders (A/64/355, para. 33);

(d) Training had been prepared and would be dispensed during the biennium 2010-2011 to facilitate the implementation of IPSAS by the staff concerned;

(e) A schedule of the critical implementation steps was supplied to the Board. The schedule specified that all those steps must be completed two years before the production of financial statements in accordance with IPSAS.

29. Some of the above-mentioned critical implementation steps had not been completed as at the time of the Board's audit in April 2010. In particular, the IPSAS Project Team was not fully staffed. Only six of eight members had been recruited. The Administration indicated that the recruitment of the two other members was expected to be finalized during the course of 2010. The full team was planned to comprise one P-5, three P-4, three P-3 and one General Service staff members.

30. Additionally, the detailed timetable and project plan for IPSAS implementation remained to be prepared and approved by the project steering committee. The timetable for the enterprise resource planning (information systems) up-grades necessary to adopt IPSAS also had to be approved.

31. On the other hand, all IPSAS and relevant International Financial Reporting Standards/International Accounting Standards had been reviewed and their expected impact identified. Accounting transactions and balances that might be materially affected by the transition to IPSAS had been identified and analysed.

32. Table II.2 provides a summary of expenditure for the biennium 2006-2007, the revised appropriation for the biennium 2008-2009, a summary of expenditure for the biennium 2008-2009 as at 31 December 2009 and estimates for the biennium 2010-2011 by funding source (A/64/355, para. 73).

Table II.2
IPSAS adoption at the United Nations 2006-2011
(Thousands of United States dollars)

Object of expenditure	*2006-2007 expenditure*	*2008-2009 revised appropriations*	*2008-2009 expenditure*	*2010-2011 initial appropriations*
Regular budget				
Posts	370.4	1 198.3	1 270.6	1 179.7
General temporary assistance	—	—	—	662.6
Consultants	—	1 335.8	—	490.8
Travel	10.2	243.3	46.6	156.3
Contractual services	16.4	2 838.2	0.3	608.6
Other	10.9	26.6	24.2	23.7
Section 28B, Office of Programme Planning, Budget and Accounts	407.9	5 642.2	1 341.7	3 121.7
Section 31, Jointly financed activities	427.1	732.2	732.2	417.9
Total, regular budget	**835.0**	**6 374.4**[a]	**2 073.9**	**3 539.6**[b]
Peacekeeping support account				
General temporary assistance	324.2	1 341.0	547.6	754.1
Consultants	—	2 761.3	—	2 034.1
Travel	—	314.5	2.6	284.9
Total, peacekeeping support account	**324.2**[c]	**4 416.8**[d]	**550.2**	**3 073.1**[e]
Grand total	**1 159.2**	**10 791.2**	**2 624.1**	**6 612.7**

[a] Represents revised appropriations; see General Assembly resolutions 63/263 and 63/264 A-C.
[b] Represents initial appropriations; see General Assembly resolution 64/244 A-C.
[c] Represents expenditure for calendar years 2006 and 2007.
[d] Represents the prorated appropriation for the period 1 January 2008-30 June 2008, the appropriation for the peacekeeping period 1 July 2008-30 June 2009 and the prorated amount for the period 1 July 2009-31 December 2009.
[e] Represents the prorated appropriation for the period 1 January 2010-30 June 2010, the appropriation for the peacekeeping period 1 July 2010-30 June 2011 and the estimated prorated amount for the period 1 July 2011-31 December 2011.

33. **The Administration agreed with the Board's recommendation that it complete the staffing of the IPSAS project team and finalize the detailed timetable and project plan for IPSAS implementation.**

Situation at offices away from Headquarters and the regional commissions

34. At the Economic Commission for Latin America and the Caribbean (ECLAC), the Board noted that no IPSAS focal point had been appointed and there was no plan, programme or specific action for ECLAC to prepare for the entry into force of IPSAS. There was also limited communication between the project team in New York and ECLAC. The Commission provided the Board with no evidence of any communication or documentation having been exchanged between it and the IPSAS project team. In addition, there was no provision in the budget for possible costs arising from the entry into force of IPSAS at ECLAC.

35. ECLAC indicated that the introduction of IPSAS in the United Nations was a centrally managed issue and that it would be prudent to prepare a plan once Headquarters had specified how IPSAS was to be implemented in the United Nations in general and in the regional commissions in particular. The Board is of the view, on the contrary, that it would not be in the interest of ECLAC to further delay its involvement in the reform, the success of which depends in part on the preparedness of the entities which will have to apply IPSAS.

36. At the Economic and Social Commission for Asia and the Pacific (ESCAP), limited preparation had been achieved at the time of the Board's audit. The post of the financial director, who was designated the IPSAS focal point, had been vacant for some 15 months and a replacement was only appointed in August 2008. ESCAP was not part of an experimental network and was not particularly involved in consultations with Headquarters. Members of the financial team had not participated in training programmes on the subject.

37. **The Board recommends that the Administration ensure that all the offices away from Headquarters and the regional commissions strengthen their preparation for the implementation of IPSAS, in liaison with Headquarters, and in particular assess the financial and human resources required to prepare and implement this reform.**

4. Statement of income and expenditure

38. Total income for the biennium 2008-2009 amounted to $9.71 billion and expenditure amounted to $9.28 billion, resulting in a net excess of income over expenditure of $585.2 million. The corresponding figures for the biennium 2004-2005 and the biennium 2006-2007 are provided in figure II.II.

39. The increase in total income from $7.98 billion for the biennium ended 31 December 2007 to $9.71 billion for the biennium ended 31 December 2009 was due mainly to an increase in assessed contributions (up by 17 per cent), which was the result of an increase in the regular budget assessment and the capital master plan assessment. The increase in total income was also due to a large rise in voluntary contributions (up by 22 per cent), in particular those paid into general funds for special uses in the areas of human rights and humanitarian affairs (27.4 per cent) and in the area of political affairs (96.6 per cent). In addition, other miscellaneous income increased compared with the previous biennium from $0.6 billion to $1.0 billion, due

mainly to a large increase in the special funds and more especially those relating to insurance plans, which rose from $154.7 million to $651.8 million. This increase originated mainly from a change in the presentation of premiums and medical claims, as further explained in section 12 below.

40. The increase in total expenditure from $6.94 billion for the biennium ended 31 December 2007 to $9.28 billion for the biennium ended 31 December 2009 had several causes: first, the increase in the capital master plan budget, which accounted for one third of the total increase in expenditure; second, the increase in expenditure of special funds in relation to staff health claim reimbursements; and lastly, the increase in expenditure of the General Fund and related funds in relation to staff and personnel costs. Total reserves and funds balances amounted to $2.63 billion at the end of the biennium 2008-2009, compared with $1.35 billion at the end of the biennium 2006-2007.

(a) Savings on cancellation of unliquidated obligations

41. The cancellation of prior-period obligations for the period under review amounted to $52.5 million, compared with $51.9 million for the preceding financial period, an increase of 1.2 per cent. Those cancellations represented 3.3 per cent of the total unliquidated obligations as at the end of 2009.

(b) Education grants

42. In accordance with staff regulation 3.2 (ST/SGB/2009/6), certain United Nations staff are entitled to an education grant. The amount of this allowance per scholastic year for each child is 75 per cent of the admissible educational expenses actually incurred, subject to a maximum grant approved by the General Assembly.

43. In accordance with note 2 (m) (vii) to the financial statements of the United Nations (Vol. I):

> For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled.

44. In total, $70.9 million of education grants to United Nations staff were recorded as expenditure of the biennium 2008-2009, compared with $58.8 million during the previous biennium. Education grant advances paid during the biennium 2008-2009 amounted to $62.6 million ($31.7 million for 2009), of which $14.4 million were reclassified as deferred charges as at 31 December 2009, that amount corresponding to the portion of the education grants pertaining to the part of the scholastic year up to the closing date of the accounts, while $17.3 million relate to the next biennium. The difference ($45.3 million) corresponds to the portion of the education grants paid during the biennium 2008-2009 and relating to the same financial period.

45. The reclassification to record deferred charges does not raise any particular issue. However, the treatment of the expenditure is problematic. As explained in the above-mentioned note 2 (m) (vii) to the financial statements, the education grants paid out to staff members, generally during the summer preceding a given scholastic year, are first recorded as advances (accounts receivable). It is only when staff

members produce proof of entitlement, that the advances are settled and the expenditure recognized. This occurs in the summer following the said scholastic year. Consequently, because of the timing of the process, the education grant expenditure recorded in the accounts of the biennium 2008-2009 does not correspond to the amounts actually paid during the biennium. Rather, it corresponds to the amounts paid in 2007 and 2008, respectively, for the 2006/07 and 2007/08 scholastic years. The education grants paid to staff in 2009 ($31.7 million) will be recorded as expenditure of the biennium 2010-2011.

46. According to paragraph 38 of the United Nations system accounting standards (Revision VIII), "expenditure for a financial period is the sum of the disbursements and valid unliquidated obligations made against the appropriation/allocation of the period". In addition, neither the United Nations system accounting standards nor the Financial Regulations and Rules of the United Nations contain any other specific provisions allowing for certain disbursements made against an appropriation not to be considered as expenditure. The notion of an advance is hardly mentioned, even less defined, in the financial and accounting rules applicable to the Organization. Based on the above, the Board considers that the United Nations system accounting standards provide limited ground to support the accounting treatment disclosed in note 2 (m) (vii) to the financial statements.

47. The Administration argued that paragraph 38 of the United Nations system accounting standards should not be read as implying that all disbursements ought to be recognized as expenditure. It further stated that, as provided in the administrative instruction on education grants (ST/AI/2004/2), education grants are considered as advances when paid before the end of the scholastic year.

48. The Board was not convinced by this line of argumentation, which fails to explain why advances to staff members do not fall into the category of disbursements made against the appropriation of the period set out in paragraph 38 of the United Nations system accounting standards. Even when they are paid in advance, which is the case in most instances, these grants are not tantamount to loans made to staff on a discretionary basis, as can be the practice in some entities; such transactions would indeed be treated as accounts receivable. Rather, education grants are legal entitlements supported by relevant appropriations in the budget of the United Nations. The fact that they may be paid in advance does not change the criterion for expenditure recognition set out in paragraph 38 of the United Nations system accounting standards, unless a specific accounting standard makes an exception regarding the basis for expenditure recognition, which is not the case.

49. In addition, in view of (a) the conflicting interpretations of the United Nations system accounting standards regarding this matter and especially (b) the limitations of those standards with regard to expenditure recognition in general and the definition of an advance in particular, the Board turned to the fundamental accounting principle of substance over form recognized by the United Nations system accounting standards (para. 5 (iii)). According to this principle, the economic reality of a transaction prevails over its legal nature. In this case, even though education grants are considered as advances when paid out before the start of the scholastic year in accordance with the above-mentioned administrative instruction, they are actually payments made to their final beneficiaries and constitute expenses of the Organization at the time of payment in the absence of any

specific accounting standard establishing another criterion for expenditure recognition.

50. Had the advances and the actual claims been exactly the same, the recording of education grants according to the expenditure recognition criterion set forth in paragraph 38 of the United Nations system accounting standards would have led to a total expenditure of $61.2 million. Consequently, the accounting treatment applied by the Administration would have resulted in an expenditure overstatement of $8.3 million. However, as actual claims are normally much higher than the advances, it is likely that the overstatement will be smaller.

51. **The Administration agreed with the Board's recommendation that it revisit its accounting treatment of education grants.**

(c) Management of contributions

52. Total assessed contributions amounted to $5.47 billion for the biennium 2008-2009, compared with $4.69 billion for the previous biennium, a 16.6 per cent increase. Total voluntary contributions amounted to $2.52 billion for the biennium 2008-2009, compared with $2.06 billion for the previous biennium, a 22 per cent increase.

53. In its previous report (A/63/5 (Vol. I)), the Board had recommended that the Administration expedite the automation process for contributions management in order to enable real-time management of data regarding payments made by Member States. The Board followed up on its previous review of the management of contributions and found the following.

54. Since January 2009, the Treasury had had sole responsibility for reporting all assessed or voluntary contributions deposits in IMIS.

55. For assessed contributions only, cash receipt vouchers were now automatically issued by IMIS. The procedures had been reviewed in order to expedite the processing of deposits, from the time of receipt until the completion of accounting procedures. An improvement of nearly 40 days was made between 2007 and 2009.

56. The Board understood that the next stages in automating the assessed contribution procedures would involve:

(a) Automatic issuance of the monthly contributions status report;

(b) Automatic update of the summary of each country's assessed contributions and contributions paid for each fund;

(c) Posting of up-to-date information on an online portal that would be accessible to contributors.

57. However, the management of contributions of still posed two problems: the time taken to publish the monthly report on assessed contributions and the relegation to a secondary concern of work to redesign the procedures for voluntary contributions.

58. The monthly report on assessed contributions was still prepared on the basis of data stored in a manually updated Excel file. However, the procedures for reconciling those data with the data from IMIS ensured that, at the time of month-

end reporting, the discrepancies between the two data sources were settled and guaranteed that the accounting operations were comprehensively recorded.

59. The progress made by the Contributions Service in processing assessed contributions meant that the monthly report was finalized only one month after the accountancy period in question. However, the time taken to translate and publish that report meant that it was not always made public within a reasonable period. At the time of the drafting of the present report, the most recently published monthly report on the status of contributions (ST/ADM/SER.B/786, July 2009) was almost one year old, rendering it of very limited use.

60. **The Board recommends that the Administration expedite the publication of the monthly report on the status of contributions.**

61. The problems with assessed contributions encountered at the time of the previous audit, particularly with regard to the slow and largely manual processing methods, had generally been addressed through a redesign of the procedure and greater automation of the processes. However, the Board found that the same problems still concerned voluntary contributions; those issues had not yet begun to be addressed, since priority was given to the assessed contributions.

62. **The Administration agreed with the Board's recommendation that it define a strategy to streamline and further automate the management of voluntary contributions, along the lines of the redesign of assessed contributions procedures.**

63. The Board analysed the time taken for each step in the procedure: recording the deposit, recording the contribution receivable, applying the deposit to the receivable and completing the accounting procedures. The average time between the receipt of a deposit and the application of the deposit to the receivable was approximately 35 days in 2008. The time lag was 41 days on average in 2009, varying from one to 139 days. Those times were significantly longer than the time taken to process assessed contributions, which was reduced from 53 to 14 days between 2007 and 2009, as previously stated.

64. The Administration did not have a tool for tracking processing times, despite the fact that delays can have three main consequences:

(a) A discrepancy between the amount of applied deposits recorded in the accounts and the actual deposits made, in particular at month-end;

(b) Delays in updating the information held by the Contributions Service about each contributor;

(c) Delays in making the deposits available to the beneficiary funds.

65. Those consequences will be all the more significant because the amount and percentage share of voluntary contributions in United Nations resources and operations are increasing.

66. **The Administration agreed with the Board's recommendation that it develop indicators to measure the processing times for contributions.**

67. One of the factors that increase the processing time for voluntary contributions is the search for information to properly record the contribution receivable. Based on the sample of contributions processed in April 2009, the average time between

recording the deposit and creating the related contribution receivable was 17 days, nearly half of the total processing time.

68. That situation arose chiefly out of the insufficient precision or reliability of information provided by contributors concerning their deposit, particularly regarding its purpose: the fund(s) for which it is intended.

69. That sometimes required excessive numbers of messages being sent back and forth between the Administration and the contributing countries' permanent missions to the United Nations. The missions did not always have the necessary information and the Administration was not in direct relationship with the capitals of Member States, since that was the responsibility of the substantive offices.

70. There had been occasional action, for specific funds, to raise contributors' awareness of the need to provide the information required in order for their deposits to be correctly and swiftly recorded. There was currently no standard procedure, such as a standardized deposit e-mail to the Contributions Service with predefined headings, that was valid for all funds, and reminders were not regularly sent to the potential contributors (permanent missions or national administrations).

71. **The Administration agreed with the Board's recommendation that, in conjunction with the relevant substantive offices, it define, communicate and manage a standard procedure that would ensure that donors provided the required information in support of their payments.**

5. Statement of assets, liabilities and reserves and fund balances

72. The Organization's assets increased by 37.6 per cent compared with the biennium 2006-2007. As at 31 December 2009, assets amounted to $7.21 billion, owing to (a) an increase in construction in progress of $700.8 million (an amount of $766.5 million was recorded for the capital master plan in 2008-2009, compared with $61.2 million in the previous biennium); and (b) a rise of 42.8 per cent in the cash pool.

73. The Organization's total liabilities increased to $4.58 billion from $3.88 billion in the biennium 2006-2007, owing to the recording of liabilities of $542.2 million for capital master plan unliquidated obligations.

(a) Assessed contributions receivable

74. Total assessed contributions outstanding as at 31 December 2009 amounted to $366.8 million, compared with $573.4 million for the preceding financial period, a decrease of $206.6 million, or 36 per cent.

75. Paragraph 33 of the United Nations system accounting standards states that "the organization may make a provision for delays in the collection of the outstanding contributions". However, note 2 (m) (iv) to the financial statements states that it is "the policy of the United Nations not to make provision for delays in the collection of such assessments".

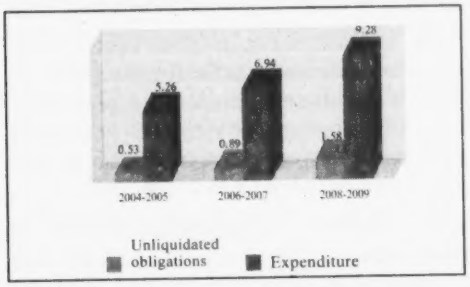
76. In its resolution 61/233 B, the General Assembly reiterated that the issue of outstanding assessed contributions was a policy matter of the Assembly and urged all Member States to make every possible effort to ensure the payment of their assessed contributions in full.

(b) Unliquidated obligations

77. As at 31 December 2009, unliquidated obligations amounted to $1.58 billion and represented 17 per cent of total expenditure. In figure II.III, unliquidated obligations are compared with total expenditure for the bienniums 2004-2005, 2006-2007 and 2008-2009.

Figure II.III
Unliquidated obligations as against total expenditure

(Billions of United States dollars)



78. As shown in figure II.III, total unliquidated obligations increased from $885.7 million as at 31 December 2007 to $1.58 billion as at 31 December 2009. Half of this increase is due to the capital master plan, for which many new commitments have been made whose corresponding disbursements are spread in time. The Board reviewed the unliquidated obligations of the capital master plan and found that unliquidated obligations for future periods, amounting to $98.9 million according to statement IX, were underestimated in view of actual commitments made for the capital master plan, which relate mainly to rent for office swing space until the end of September 2012. An amount of $98.2 million was entered as unliquidated obligations for future periods in relation to the rent, even though the future amount for such rent to be paid from the capital master plan fund was calculated by the Office of the Capital Master Plan and the Procurement Division, on the basis of the signed leases, to be $106.9 million.

79. The Administration acknowledged that there was an error in the accounting of those unliquidated obligations for future periods, though it was unable to supply the exact figure.

80. The specifics of this observation and the related recommendation are presented in the Board's report on the capital master plan (A/65/5 (Vol. V), sect. B.4 (b)).

6. Statement of cash flows

81. As at 31 December 2009, total cash, comprising the cash and term deposits as well as the cash pools, was 41 per cent higher than at the end of the biennium 2006-2007, up from $2.80 billion to $3.95 billion. This $1.15 billion net increase is attributable mainly to:

(a) The net excess of income over expenditure, amounting to $585.2 million;

(b) The increase in unliquidated obligations, amounting to $695.4 million;

(c) The transfer to construction in progress, mainly coming from the capital master plan, amounting to $740.3 million.

82. In its previous report, the Board had found that the statement of cash flows did not consider the short-term investments in cash pools as part of the cash balance and recommended that the Administration reconsider the disclosure of this statement to include the cash pools as part of the total cash balance. This recommendation has been implemented.

7. Technical cooperation activities

83. According to the Secretary-General's Bulletin on the establishment and management of trust funds (ST/SGB/188), technical cooperation trust funds relate to activities "*which provide economic and social development assistance to developing countries. Such assistance to the recipient countries normally takes the form of experts and associate experts, the financing of individual or group training, such as regional or interregional seminars, workshops and study tours, and the provision of project equipment.*"

84. According to statement VI of the financial statements of the United Nations, income for technical cooperation activities increased from $354.9 million in 2006-2007 to $372.5 million in 2008-2009, an increase of $17.6 million, or 5 per cent. This was mainly due to voluntary contributions, which amounted to $283.4 million, up by 11 per cent. Expenditure increased from $312.9 million in 2006-2007 to $366.5 million in 2008-2009, a rise of $53.6 million, or 17 per cent. All categories of expenditure increased by rates of between 7 and 43 per cent, with the exception of acquisitions, which decreased by 8 per cent. In sum, an excess of income over expenditure of $6.1 million was generated in 2008-2009, a reduction of 86 per cent in relation to the excess of income over expenditure for the biennium 2006-2007.

85. Total assets decreased from $475.6 million at the end of the biennium 2006-2007 to $466.4 million at the end of 2008-2009, a decrease of $9.2 million, or 1.9 per cent, due mainly to a decrease in sums deposited in the Headquarters cash pools (which amounted to $103.8 million, down by 21.8 per cent), and to other accounts receivable (which amounted to $18.4 million, down by 23.4 per cent). Liabilities decreased from $228 million at the end of 2006-2007 to $220.7 million at the end of 2008-2009, a decline of $7.3 million, or 3.3 per cent. All the liability items decreased, with the exception of unliquidated obligations for the current period ($32.1 million, up by 3.1 per cent) and deferred income ($1.0 million, up by 100 per cent). This decrease mainly results from a decrease in payables due to the funding sources from $7.3 million in 2006-2007 to $2.6 million in 2008-2009, a decline of 64.4 per cent, and in the inter-fund balance payable from $175.3 million in 2006-2007 to $173.3 million in 2008-2009.

(a) Preparation of the financial statements on technical cooperation

86. Note 2 (b) to the financial statements of the United Nations states:

> *The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-*

balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

87. Financial statement VI reflects the technical cooperation activities, which are mainly financed by voluntary contributions made by donors for specific projects. However, technical cooperation also benefits from regular budget funds (under sections 22 and 35 of the regular budget) and other funds received under inter-organizational arrangements, notably from the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA). Funds received from the regular budget are recognized as income and disclosed on the statement of income and expenditure under "Allocations from other funds".

88. In principle, if a given fund receives an allocation from another fund, the former must record income and the latter record expenditure for the same amount. If the two funds are consolidated in Volume I, eliminations are made in the consolidated statement of income and expenditure (statement I) in order to make good the double counting. Consequently, the allocations from other funds disclosed in statement I only include funds received from outside the United Nations.

89. For technical cooperation funds, however, the Board noted that the procedure described above was not fully applied. In the accounts, regular budget funds used for technical cooperation purposes are not transferred to technical cooperation funds, except for the technical cooperation activities managed at Headquarters. As a consequence, the "allocations from other funds" disclosed in statement VI do not correspond to actual income recorded in the technical cooperation funds. The figures for "allocations from other funds" only represent the share of the regular budget spent for technical cooperation purposes. The Board was unable to reconcile those amounts with the trial balances as there was no income recorded in the technical cooperation funds. The Accounts Division itself does not use the trial balances to obtain those amounts, but rather uses budget reports that show the expenditure incurred under sections 22 and 35 of the regular budget.

90. This way of proceeding derives from the process followed by the Accounts Division in preparing financial statement VI. Data pertaining to technical cooperation funds managed in offices away from Headquarters are not fully integrated into the IMIS Headquarters database, contrary to what is done for all other fund types. The Board was not given any convincing reason for this specific treatment. As a result, unlike all other financial statements, statement VI cannot be prepared from the IMIS Headquarters database. Rather, all the offices away from Headquarters that manage technical cooperation funds, mainly the regional commissions, prepare parts of the financial statements and send them to Headquarters, along with supporting tables and trial balances.

91. This decentralized process is also linked to the format chosen by the management for financial statement VI, which is divided into columns representing the main entities engaging in technical cooperation activities.

92. The Board found the procedure for preparing financial statement VI cumbersome and hardly auditable. The inability to fully reconcile this financial statement with trial balances was in itself an issue. Ways to enhance the preparation of the financial statement include changing its format and fully centralizing the funds data and the preparation process.

93. **The Board recommends that the Administration consider ways to render the preparation of the financial statements on technical cooperation less cumbersome and more easily auditable.**

(b) Inactive funds

94. The Board reviewed the technical cooperation trust funds included in the financial statements of the United Nations with a view to identifying funds that do not record any expenditure or income, except interest income. The Board labels these funds "inactive". They might have recorded transactions, but the Board does not consider them reflective of actual, substantive activity.

95. Out of a total of 206 technical cooperation trust funds, including subfunds, consolidated in Volume I, the Board found that 80 funds, including subfunds, were "inactive". The list of those funds is shown in annex III.

96. The Administration gave the following reasons for the inactivity of the funds and subfunds:

(a) Nine had obtained authorization for closure from the Controller, but had still not been closed as at 31 December 2009;

(b) Sixty-three were pending approval for closure or were in the process of being reviewed for closure;

(c) Eight were being kept open because their purpose was ongoing, or were being retained for potential resumed activity.

97. In total, 72 out of the 80 "inactive" funds, 90 per cent, remained open during the biennium 2008-2009 owing to the lateness of the closing/review procedure. In some instances, the review of inactive funds by the Administration was prompted by the Board's examination, which evidences insufficient monitoring of the activity of funds.

98. **The Board recommends that the Administration strengthen internal control over the inactive technical cooperation trust funds and expedite the closing of those funds that need to be closed.**

(c) United Nations assistance to the Khmer Rouge trials

99. One of the most important technical cooperation projects run by the Secretariat, both in terms of political impact and financial volume, is the United Nations Assistance to the Khmer Rouge Trials (UNAKRT) in Phnom Penh, which the Board audited at the beginning of 2010.

100. Instituted formally in June 2003 by an agreement between the United Nations and the Royal Government of Cambodia, the Extraordinary Chambers in the Courts of Cambodia are a national tribunal supported by the United Nations in accordance with General Assembly resolution 57/228. UNAKRT, the "international component" of the Extraordinary Chambers, had an initial budget of $43.6 million, while the national component was endowed with a $13.3 million budget funded by the Government of Cambodia and other donors, among the main ones being the European Union. From an initial total of $56.9 million originally projected over three years, the Extraordinary Chambers budget had reached $311.8 million according to the preliminary budget estimates up to 2015, of which $78.3 million

had been spent as at 31 December 2009. The international component budget amounted to $237.3 million according to the same estimates, of which $62.1 million had been spent as of 31 December 2009.

101. The Extraordinary Chambers have been in operation since 2006. In case No. 1, against Duch, the former Secretary of the S-21 detention centre, the person charged was taken into provisional detention in July 2007 and indicted in August 2008 after a judicial investigation. Hearings in his trial took place between February and November 2009, and the Trial Chamber was considering its verdict as at 31 December 2009. In case No. 2, concerning four former senior leaders of the Khmer Rouge regime, the persons charged were taken into detention in September 2007 and the judicial investigation was ongoing as at 31 December 2009. In cases No. 3 and 4, the international Co-Prosecutor lodged introductory submissions in September 2009 seeking a judicial investigation of a further five persons.

102. Taking into account the work involved, the three mixed chambers of the Extraordinary Chambers were progressively called upon to sit permanently: the Trial Chamber, responsible for judging defendants upon the merits, has been in session since the summer of 2008; the Pre-trial Chamber, responsible for considering conflicts between co-investigating judges and co-prosecutors, has been sitting on a part-time basis since 2007 and on a full-time basis since 2010; and, in accordance with a decision taken in December 2009, the Supreme Court Chamber should begin sitting in 2010.

103. According to UNAKRT, the time frame for the work of the Extraordinary Chambers remained uncertain as at the time of the Board's audit. In the short term, the verdict in case No. 1 was expected to be rendered before the summer of 2010, although the Trial Chamber had not yet decided on a precise date. It will be subject to appeal. The closing order in case No. 2 was expected in September 2010, a deadline which must be met to avoid certain persons charged being released owing to their having been detained in temporary custody for longer than the three-year statutory limit. Assuming that the closing order included indictments against the persons charged, the trial of case No. 2 was expected to begin before the Trial Chamber in 2011. UNAKRT estimated that the final verdict might not be rendered until November 2013. The timetable for cases Nos. 3 and 4 was even more uncertain.

(i) Governance

104. In view of the technical assistance provided by UNAKRT to the Extraordinary Chambers in the Courts of Cambodia, it has been established as a technical cooperation project. The following three offices of the Secretariat are involved in its operations:

(a) The Office of Legal Affairs, which is essentially responsible for providing legal advice to the Secretary-General on the operations of the Tribunal;

(b) The Office of the Controller, which is responsible for the use of the funds of UNAKRT;

(c) The Department of Economic and Social Affairs, which, as the leading department for technical cooperation within the Secretariat, is entrusted with the budgetary and administrative management of the Tribunal.

105. However, in the absence of a specific protocol, the precise distribution of roles between these offices remains loosely defined. Already in September 2008, the special expert of the Secretary-General on UNAKRT estimated that the dividing lines between the roles of those entities were "blurred".

106. The sharing of responsibilities between these three offices of the Secretariat has developed over time on a pragmatic basis. Despite the fact that no major coordination problem occurred, the absence of a formalized distribution of roles entails several risks, among which are the following: a conflict of responsibilities over a specific area; the absence of responsibility over a specific area or question; a dilution of responsibilities, the over or underinvolvement of some services compared with what should normally be expected of them.

107. **The Board recommends that the Secretariat formalize the distribution of tasks between the Office of Legal Affairs, the Controller's Office and the Department of Economic and Social Affairs for the management of UNAKRT.**

(ii) Expenditure

108. The Board found that the expenditure-to-budget ratio of UNAKRT was rather low. For the 2008 fiscal year, expenditure amounted to $20.5 million, as against a budget of $30 million, or an expenditure-to-budget ratio of 68 per cent. For the 2009 fiscal year, expenditure amounted to $22.3 million, as against a budget of $29.4 million, or a ratio of 79 per cent.

109. Two main factors explain the significant unencumbered balances:

(a) The interval between the judicial schedule associated with the budget and the actual judicial process led to a time lag for certain expenses. For example, the Supreme Court Chamber not being constituted saved $500,000;

(b) Lower than expected staffing expenditure: in 2008 by $4.5 million, an underestimate of 25.6 per cent accounting for half of the total underspending, and in 2009 by $7 million, an underestimate of 27.4 per cent accounting for 85 per cent of the total underspending. The underspending in staffing expenditure results from the delay in the judicial procedure and the need to adapt expenses to needs progressively.

110. Some savings were made in 2009, including savings of $50,000 from the estimated travel expenses of non-resident judges as a result of the scheduling of the Pre-Trial Chamber meetings with other budgeted meetings.

111. The budget for the biennium 2010-2011 has been based on the 2008-2009 budget (July 2008 revision), which was significantly underspent. This budgeting method runs the risk of increasing spending beyond needs. Had the budget been prepared on the basis of actual expenses in 2008 and 2009, it would have better reflected the actual needs.

112. In comparison with the 2009 budget, and not actual expenses in 2009, the budget request for 2010 represents a net increase of $2.8 million, combining a gross increase of $3.7 million and savings of $0.7 million related to an estimated vacant post rate of 10 per cent. This estimate was less than the actual vacancy rate reported in March 2010 for UNAKRT. It was also less than the estimated 15 per cent vacancy rate for the Cambodian component.

113. The main items accounting for the overall increase in the budget were the establishment of the Supreme Court Chamber and the Pre-Trial Chamber, as well as higher compensation for judges ($0.5 million).

114. Between UNAKRT making its request to United Nations Headquarters for a new budget and a budget revision being undertaken at the request of the steering committee, the proposed budget was decreased by $2.7 million for 2010 and by $1.2 million for 2011.

115. The Administration replied that the budget was essentially formulated on the basis of the programme of work of the Court, which was anticipated to be more intensive in 2010-2011 than in 2008-2009. In addition, a revised salary scale for judicial officials, the conversion of the Pre-Trial Chamber from a part-time to full-time chamber and the installation of the Supreme Court Chamber were factored into the new budgetary requirements. The Board remained of the view, however, that the lessons learned from past budgets had not been sufficiently applied in the formulation of the new budgets.

116. **The Board recommends that the Administration ensure that UNAKRT, for the preparation of its future budgets, reviews its estimation methodology with a view to better taking into account the actual implementation of previous budgets.**

(iii) Performance assessment

117. Neither UNAKRT nor United Nations Headquarters have developed tools to support the strategic management of the operation to assist the Extraordinary Chambers in the Courts of Cambodia. The annual report of UNAKRT for 2008 contains no performance indicators. The preliminary draft of the 2009 annual report made available to the Board also did not contain any.

118. Similarly, no performance indicators were included in the monthly progress reports of UNAKRT until March 2009. Since that date, performance statistics concerning the Media Relations Unit, the Victims Units and the Interpretation and Translation Unit, some of which may be considered as measurements of satisfactory performance, have been published as an annex to the monthly progress report.

119. The Board noticed significant improvements in the preparation of the judicial schedule produced to support the 2010-2011 budget. Comparing the actual schedule with the forecast could be an indicator of the length of judicial procedures. That indicator would be all the more important in that keeping the trial of case No. 2 within a reasonable time frame was necessary for the proper administration of justice and was a major issue if UNAKRT wished to see the procedure to its conclusion, given the age of the defendants.

120. Additional indicators appeared to be necessary in order to measure the performance of the judicial process, while excluding information on the impact of procedures. The Board is of the view that the good practices of the International Criminal Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda in their reports to the General Assembly should be taken as a reference. In particular, the programme budget for the International Criminal Tribunal for the former Yugoslavia for the biennium 2008-2009 contained an indicator relating to the "percentage of acts performed on time" that the Board finds particularly relevant.

121. **The Administration agreed with the Board's recommendation that it ensure that UNAKRT sets up a dashboard for all parties that contains the main indicators (vacancy rate for posts, turnaround time and productivity for the translation unit, turnaround time and productivity for processing requests for complainants).**

(d) United Nations Conference on Trade and Development

122. Technical cooperation is one of the three main pillars of the UNCTAD mandate (see Sect. IV.C of the Accra Accord (UNCTAD/IAOS/2008/2)), and is 90 per cent financed from extrabudgetary funds.

123. UNCTAD has a large number of trust funds (22), most of them dedicated to specific and/or short-term activities. The number of projects was high (262 in 2008). On several occasions, the Trade and Development Board has requested that the UNCTAD secretariat end the fragmentation of funds and group projects together.

124. In 2007, the UNCTAD secretariat proposed to the Trade and Development Board that the organization of technical cooperation be reformed on the basis of "thematic clusters", which, in time, was expected to result in the establishment of new thematic trust funds (see TD/B/WP/195). That proposal was noted with interest by the Trade and Development Board in its decision 492 (LIV). In September 2008, the UNCTAD secretariat proposed 17 thematic clusters. The Accra Accord adopted at the twelfth session of the United Nations Conference on Trade and Development urges donors to be part of that framework, an appeal reiterated by the Trade and Development Board in its decision 495 (LV).

125. The UNCTAD secretariat considered possibilities for merging projects within the clusters and then proposed those mergers to donors, since the merging cannot take place without donors' formal agreement. Donors were requested to respond before the end of June 2009. The UNCTAD secretariat indicated that it had already proposed to donors that they contribute to existing projects, rather than create new trust funds.

126. The reform related only to trust funds grouped under the main technical cooperation trust fund of UNCTAD, known under its code name "TXB", which records the transactions of the majority of active projects (230 out of 262 in 2008). Other technical cooperation funds managed by UNCTAD, which also comprise a fair number of projects, were not affected for the time being. Similarly, the UNCTAD secretariat had not proposed a rationalization of country-specific projects (approximately 40 per cent of projects), since they are often financed at least in part by the beneficiary country. However, the Board is of the view that it is possible for beneficiary countries to contribute to the financing of a project managed as a multi-donor fund; this is the case, for example, with the Debt Management and Financial Analysis System.

127. The number of thematic clusters set by the secretariat still appeared to be excessive in relation to UNCTAD requirements. Thus, in 2008, 13 out of 17 clusters accounted for combined expenditure of under $1.5 million (less than 5 per cent of total TXB expenditure in 2008), while seven clusters accounted for under $500,000 of expenditure (less than 1 per cent of the TXB total).

128. The thematic cluster approach was very ambitious in relation to the current situation. In 2008, 262 technical cooperation projects were active, i.e. expenditure

was incurred. The number of trust funds at UNCTAD was still high, considering that certain projects were no longer active financially but had not yet been formally closed. Of the 262 active projects, 151 could become part of thematic trust funds.

129. The number of projects showed that implementation of the reform proposed by the secretariat would be a very gradual process. Between 2006 and 2008 the number of projects had not decreased substantially, but the number of newly established trust funds and projects with a budget of less than $200,000 decreased slightly in 2008. However, those statistics did not indicate the full effect of the reform, because the agreements for the first fund mergers would not come into effect until the second half of 2009 at the earliest.

130. The information provided to the Trade and Development Board and donors in annual reports on technical cooperation could have been improved in order to reinforce the process of rationalization of the trust funds. No list of new trust funds with a brief justification for their establishment was prepared and no list of funds without any activities with an explanation of the reasons for their continuation was provided.

131. **UNCTAD agreed with the Board's recommendation that it continue its efforts to rationalize the technical cooperation trust funds by preparing each year for the Trade and Development Board: (a) a list of new trust funds with a brief justification for their establishment; and (b) a list of inactive funds with an explanation of the reasons for their continuation.**

132. To a large extent, technical cooperation project management was decentralized. However, UNCTAD did not have a set of rules for managers of technical cooperation projects. The absence of a manual for managers of technical cooperation projects could explain the vast disparities found in project management.

133. The quality of project monitoring was diverse and depended more on the requirements of donors included in the funding agreements for trust funds than on the internal procedures at UNCTAD. The funding agreements for the trust funds contained a provisional budget and reporting requirements. Donors' conditions could vary greatly: some demanded donor approval of all amendments to the budget and the submission of substantive progress reports on a regular basis. According to its terms of reference, the UNCTAD Technical Cooperation Service was responsible for distributing to donors the reports stipulated in the funding agreements. Nevertheless, the Board noted that the Technical Cooperation Service was not aware of most of those reports and therefore not ensure that they were in fact sent out to donors on time. The Technical Cooperation Service was enhancing a technical cooperation portal, which was expected to lead to improvements in that area.

134. The Technical Cooperation Service sent annual progress reports to donors for all projects managed by UNCTAD itself. A note was sent out in January 2009, requesting that project officers submit project performance reports, for which a template was provided to the Technical Cooperation Service before mid-March 2009, for submission to donors in April 2009. Those project performance reports were accompanied by the trust fund financial statement, providing details of its income and expenditure. The latter was presented according to components: personnel, subcontracts, training, equipment and sundry.

135. **The Board recommends that UNCTAD: (a) prepare a management manual for technical cooperation projects that brings together all applicable**

procedures, in particular in the area of monitoring; and (b) make sure that progress reports are distributed to donors by the Technical Cooperation Service as stipulated in the funding agreements.

8. Capital assets and construction in progress

136. From the biennium 2008-2009 onwards, the "capital master plan" and "United Nations capital assets and construction in progress", which were previously disclosed as part of the same financial statement, are presented in two separate statements. The accounts relating to the capital master plan are set out in statement IX and schedule 9.1, whereas the accounts relating to capital assets and construction in progress are set out in statement X and schedule 10.1.

137. With regard to the capital master plan statement, the Board noted a significant increase in the total income shown in statement IX, which rose from $524.9 million to $736.5 million (up by 40.3 per cent) over the biennium 2008-2009. This rise is due mainly to an increase of $175.4 million in assessed contributions (up by 34.6 per cent) and by an increase of $34.2 million in interest income (up by 186.2 per cent). Over the same period, total expenditure increased from $82.9 million to $837.1 million (up by 909.6 per cent) due mainly to the increase in acquisitions for the capital master plan from $3.0 million in 2006-2007 to $622.4 million for the biennium 2008-2009.

138. Assets increased from $723.1 million to $1.87 billion over the biennium 2008-2009, a 159 per cent increase, owing to the increase in the cash pools (up by $559.5 million, 154 per cent) and construction in progress (up by $705.4 million, 1,153 per cent). Over the same period, liabilities increased from $198.3 million to $737.9 million, a 272 per cent increase. This variation is attributable to the increase in contributions or in payments received in advance (up by $113.3 million, 1,576 per cent), and to unliquidated obligations for the prior period (up by $11.8 million, 1,644 per cent) and for the current period (up by $378.0 million, 781 per cent).

139. These strong trends are explained by the acceleration in the execution of the capital master plan, on which the Board comments in a separate report (A/65/5 (Vol. V)) in accordance with General Assembly resolution 57/292.

9. General trust funds

140. Income increased from $2.03 billion in 2006-2007 to $2.44 billion in 2008-2009, an increase of $411.9 million, 20.2 per cent. This is mainly due to voluntary contributions, which amounted to $2.2 billion, up by 23.6 per cent. Expenditure increased from $1.79 billion in 2006-2007 to $2.19 billion in 2008-2009, a rise of $402.4 million, 22.3 per cent. This is mainly explained by (a) staff and other personnel costs which amounted to $487.9 million in 2008-2009 compared with $384.8 million in the previous biennium, an increase of 26.8 per cent; and (b) other costs, which amounted to $1.1 billion in 2008-2009, compared with $981.5 million in 2006-2007, an increase of 13.1 per cent. In sum, a surplus of $249.2 million was generated in 2008-2009, an increase of 4 per cent in relation to the surplus for 2006-2007.

141. Total assets increased from $1.39 billion at the end of the biennium 2006-2007 to $1.60 billion at the end of 2008-2009, a rise of $206.3 million, 15.1 per cent, due mainly to: (a) an increase in sums deposited in the offices away from Headquarters

cash pools amounting to $383.7 million, up by 25.8 per cent; (b) an increase in sums deposited in the Headquarters cash pools, the latter amounting to $718.2 million, up by 15.5 per cent; and (c) voluntary contributions receivable amounting to $190.9 million, up by 28.8 per cent. Liabilities increased from $395.2 million at the end of 2006-2007 to $439.5 million at the end of 2008-2009, a rise of $44.3 million, 11.2 per cent. All of the liability items increased, with the exception of the inter-fund balances payable for the current period, amounting to $1.9 million, down by 88.2 per cent. This increase is mainly due to: (a) the rise in deferred income of 18.8 per cent, from $147.7 million in 2006-2007 to $175.4 million in 2008-2009; and (b) to the increase in other accounts payable of 217 per cent, from $5.2 million in 2006-2007 to $16.5 million in 2008-2009.

Inactive funds

142. The Board reviewed all the general trust funds included in the financial statements of the United Nations with a view to identifying funds that do not record any expenditure or income, except interest income. The Board labels those funds "inactive". They might have recorded transactions, but the Board does not consider that those transactions reflect actual, substantive activity.

143. Out of a total of 184 general trust funds, including subfunds, consolidated in Volume I, the Board found that 34 trust funds, including subfunds, were inactive according to the definition provided above. The list of those funds is shown in annex III.

144. The Administration gave the following reasons for the inactivity of the funds and subfunds:

(a) One had obtained authorization for closure from the Controller, but was still not closed as at 31 December 2009;

(b) Seventeen were pending approval of closure or were in the process of being reviewed for closure;

(c) Sixteen were kept open because their purpose was ongoing or they were retained for potential resumed activity.

145. In total, 17 funds out of the 34 inactive funds, 50 per cent, remained open during the biennium 2008-2009 owing to the lateness of the closing/review procedure. Some funds have been inactive since 1999. Additionally, in some instances, the review of inactive funds by the Administration was prompted by the Board's examination, which evidences insufficient monitoring of the activity of funds.

146. **The Board recommends that the Administration strengthen the internal controls over the inactive general trust funds and expedite the closing of those funds that need to be closed.**

147. The Administration explained that the issue of the closure of trust funds was under regular review and was being followed up with the relevant offices.

10. Other special funds

148. Income for other special funds such as funds held in trust and funds for jointly financed activities and common support services rose from $845.3 million in 2006-2007 to $1.49 billion in 2008-2009, an increase of $647.9 million, 76.3 per cent. This is mainly due to contributions from staff and the United Nations, which

amounted to $651.8 million, up by 321.2 per cent. Expenditure rose from $688.1 million in 2006-2007 to $1.36 billion in 2008-2009, an increase of $668.3 million, 97.6 per cent. The increase in expenditure is mainly explained by the significant rise in claim reimbursements by 361 per cent, from $130.5 million in 2006-2007 to $601.7 million in the current biennium. This resulted from a change in the accounting treatment, described in note 12.1 (b) as follows:

> In order to enhance presentation of information in the financial statements with respect to medical and dental insurance programmes administered by Blue Cross, Aetna, Cigna and Van Breda, with effect from 1 January 2008, premiums collected are shown as income and claim payments are accounted for as expenditure; previously, these were accounted for in the General Fund.

149. Total assets increased from $834.9 million at the end of the biennium 2006-2007 to $1.26 billion at the end of 2008-2009, a rise of $0.43 billion, or 50.9 per cent, due mainly to an increase in sums deposited in the Headquarters cash pools (which amounted to $521.6 million, up by 29.5 per cent) and to deferred charges ($262.2 million, up by 510.6 per cent). Liabilities increased from $125.5 million at the end of 2006-2007 to $363.2 million at the end of 2008-2009, a rise of $237.7 million, 189.5 per cent. This variation is mainly due to the unliquidated obligations for future periods, which increased from $47.6 million in 2006-2007 to $263.4 million in 2008-2009, 453 per cent, and to the inter-fund balance payable, which increased from $8.5 million in 2006-2007 to $25.8 million in 2008-2009, 203 per cent.

Medical claim reimbursements

150. The United Nations offers various medical and dental insurance plans to its staff. Generally, the insurance companies ("third-party administrators") running these plans pay for the medical costs incurred by the staff covered and seek reimbursement of these costs from the United Nations.

151. The Board noted that the Administration initiates payments to the third-party administrators upon receipt of a claim reimbursement request, which only mentions a global amount and the banking reference of the company. No specifics are given concerning the medical costs concerned, although the amounts are significant (between $500,000 and $2 million per invoice).

152. The claim reimbursement requests are received weekly and correspond to the aggregate value of the medical costs of plan participants for a given period. The Administration has agreed to this arrangement, whereby invoices are sent weekly and amounts are calculated by the third-party administrator without any details as to the way the invoiced amount was calculated.

153. The Administration does not review those invoices, so that there is no internal control over the accuracy and the reality of the payables to the third-party administrator, neither on an invoice-by-invoice basis, nor on a longer-period basis, e.g. per quarter. The Administration indicated that that corresponded to the standard practice among United States employers. It further stated that the volume, sensitivity and complexity of those transactions would render the Administration's review of the weekly reimbursement requests impracticable, as the Administration did not have the in-house capacity to, inter alia, review the details of health-care charges claimed and their reimbursements by accessing medical records (explicitly

prohibited within the United States of America) and claims data, associate the third-party administrator's negotiated discount rates with the appropriate medical providers and evaluate claims in the light of regionally based data regarding reasonable and customary charges.

154. The Administration specified that the third-party administrators had the fiduciary responsibility to ensure that claims were properly adjudicated for eligible plan participants. The Administration reviews the reasonableness of claim patterns and volumes against a benchmark of claims within the third-party administrator's book of business as a part of annual renewal reviews and, secondly, obtains assurance that the plan administrators are consistently paying claims accurately and appropriately through periodic claims audits by health-claim audit experts. Such audits include checking for financial and payment accuracy, proper categorization of claims and claimant eligibility, and are a tangible means of verification.

155. The Board noted, however, that the last claims audit, which did not disclose any significant findings in the billings, was done in 2003. A contract had recently been entered into with a consultant to undertake insurance claim audits in relation to some third-party administrators for the period from 1 July 2008 to 30 June 2009. Considering the amounts at stake, however, such contractual audits were not conducted frequently enough to ensure the reliability of the payables to the third-party administrators. In addition, while mindful of the complexity of the system, the need to preserve confidentiality and the alleged standard practice of employers in the host country, the Board nonetheless thinks that the level of internal control by the Administration over claim reimbursements is too limited.

156. **The Administration agreed with the Board's recommendation that it: (a) increase the frequency of contractual audits of health claims; and (b) examine ways to strengthen internal controls over claim reimbursements.**

11. Inter-organization balance

157. The Board requested some United Nations organizations to confirm their receivable/payable balances with the United Nations as at 31 December 2009. The Board reconciled their balances with those of the United Nations. Table II.3 summarizes this reconciliation.

Table II.3
Inter-organization balances as at 31 December 2009
(United States dollars)

	Balance according to:		
Entity	*United Nations*[a]	*Entity*[a]	*Discrepancy*
United Nations Children's Fund	2 017 411	3 930 726	(1 913 315)
United Nations Joint Staff Pension Fund (pension contributions part)	171 245	556 273	(385 028)
United Nations Population Fund	(11 375)	96 016	(107 391)
United Nations Relief and Works Agency for Palestine Refugees in the Near East	233 556	(58 554)	292 112

[a] A positive figure indicates an account receivable from another entity to the United Nations. A negative amount indicates an account payable by the United Nations to another entity.

158. The Administration could not provide an exhaustive and detailed account for the discrepancies shown in table II.3. It explained that the United Nations prepared billing statements on a monthly basis for each billing entity, based on a calendar cut-off date. The statements were submitted to the billing entities three weeks following the monthly cut-off date and, given the closing cycles of the counterpart entities, some of those transactions might not be reflected in their books in the same period as in the books of the United Nations. The Administration argued that the receivable/payable balances at any given point in time would therefore show some differences as between the entities' books and those of the United Nations. The differences were reviewed and the reconciliations addressed through constant communications and meetings with the other entities.

159. The Board holds the view that while discrepancies in the balances during the year are understandable and acceptable provided that they are settled swiftly, persisting discrepancies as at the end of the financial period entail the risk of disclosing data in the financial statements that do not reflect the inter-organization balances accurately.

160. **The Administration agreed with the Board's recommendation that it strengthen internal controls to ensure the accuracy of its payable and receivable balances with counterpart entities as at the end of the financial period.**

161. Throughout the year, the United Nations Secretariat receives invoices from other United Nations entities for payments that they had made on its behalf. Those invoices are sent to the substantive offices of the Secretariat for certification before reimbursement. The Secretariat records the invoices as payable only once they are certified in accordance with financial rule 105.4, whereby no obligation can be recorded without the approval of a certifying officer.

162. The Board noted, however, that the certification process can take several months. For invoices received from the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the Board found outstanding invoices for a total amount of $280,937 that had not been recorded as unliquidated obligations by the United Nations. Some of those invoices pertained to 2005, 2006, 2007 and 2008.

163. The length of the certification process conflicts with the accrual-based principle of accounting provided for in financial rule 106.3. Failing to record invoices as they are received entails the following issues:

(a) Accounts payable (unliquidated obligations) are understated;

(b) Expenditure may not be posted to the right fiscal year.

164. **The Administration agreed with the Board's recommendation that it reduce the time taken for certifying invoices so as to conform to accrual-based accounting.**

12. End-of-service liabilities, including after-service health insurance liabilities

165. As shown in statement XI, total end-of-service and post-retirement liabilities amounted to $2.18 billion as at 31 December 2009, compared with $2.33 billion as at the end of the previous biennium. This represents a decrease of $157.3 million, 6.4 per cent, mainly explained by the change in accounting estimates and accounting policy regarding the after-service health insurance liability, the liability for

repatriation benefits and the liability for unused vacation days, as disclosed in note 11 to the financial statements and further discussed in the following paragraphs.

166. Of the total liabilities, $1.94 billion represented after-service health insurance, $96 million related to unused vacation leave credits and $142.5 million represented repatriation benefits.

167. In accordance with General Assembly resolutions 60/255 and 61/264, the Administration changed the presentation of end-of-service and post-retirement liabilities from disclosure in the notes to the financial statements to accounting and presentation on the face of the financial statements.

168. In its resolution 64/241, the General Assembly requested the Secretary-General to continue to validate the accrued liabilities for after-service health insurance with figures audited by the Board and to include that information and the outcome of the validation in his report to the Assembly at its sixty-seventh session.

(a) After-service health insurance

169. As requested by the General Assembly, the Board reviewed the actuarial valuation of the accrued liabilities for after-service health insurance. The Board met that request within the limits of its own mandate, as set out in article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, and in accordance with the International Standards on Auditing. Consequently, the review by the Board consisted in checking:

(a) The competence, capabilities and objectivity of the actuary;

(b) The accurate and exhaustive nature of data submitted to the actuary by the Administration;

(c) The conformity of the valuation method with the prescriptions of relevant resolutions of the General Assembly;

(d) The adequacy of the disclosure of the liabilities and related information with regard to the objective of giving a fair view of the financial position of the Organization.

170. The Board did not find any significant issue with respect to the elements listed, yet wishes to make the following observations regarding the actuarial methodology.

(i) Scope of plan participants

171. As disclosed in note 11 to the financial statements, the liability for after-service health insurance is a net amount derived from the present value of the accrued liability offset by contributions from medical insurance plan participants.

172. The Board noted that the Administration had, in accordance with the provisions of the plans, changed the scope of "plan participants" for the after-service health insurance liability. Previously, plan participants were only retired staff. They now also include active staff.

173. The Board did not have any issue with that change, presented by the Administration as a "refinement" reflective of the fact that "both active and retired staff participate in the same health insurance plans and that their collective

contributions serve to meet the approved cost-sharing ratios" (note 11 (b) (iii) to the financial statements).

174. The Board, nevertheless, wishes to underline that this change resulted in a decrease in the net liability, since the value of the contributions from plan participants offset from the gross liability increased. Whereas the contributions from plan participants amounted to $789.6 million as at 31 December 2007, 23 per cent of the gross liability, they increased to $1.29 billion as at 31 December 2009, 40 per cent of the gross liability. The Administration was not able to assess the extent to which the change in the scope of plan participants with regard to the after-service health insurance liability accounted for that increase. The Board is of the view that its impact could be significant.

(ii) Discount rate

175. In its previous valuation of the after-service health insurance liability, the United Nations had used a discount rate of 5.5 per cent. The valuation of the after-service health insurance liability as at 31 December 2009 relies on a discount rate of 6.0 per cent.

176. A discount rate is an interest rate used as a common financial practice to estimate the present value of an amount to be earned or lost at a future date. In other words, it represents the time value of money. As the after-service health insurance liability is composed of benefits that will be paid out by the United Nations to its retired staff in the future, IPSAS, like most other accounting frameworks, requires that those amounts be "discounted", so that the reporting entity takes the present value of the future benefits as an estimate for its liability.

177. The higher the discount rate, the lower the present value of future amounts; and the lower the discount rate, the higher the present value of future amounts. Hence, all other things being equal, the increase in the discount rate used by the United Nations resulted in a lower after-service health insurance liability compared with the previous financial period. In this regard, note 11 to the financial statements indicates that a 1 per cent increase in the discount rate would result in a 15 per cent decrease in the after-service health insurance liability, which represents $290.6 million.

178. IPSAS 25, which serves as a reference for the actuarial methodology used for the valuation of the after-service health insurance liability, in accordance with General Assembly resolution 61/264, does not prescribe any particular discount rate. However, it states:

> The rate used to discount post-employment benefit obligations (both funded and unfunded) shall reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money shall be consistent with the currency and estimated term of the post-employment benefit obligations. (para. 91)

It further specifies:

> An entity makes a judgment whether the discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds, high quality corporate bonds or by another financial instrument. (para. 94)

179. Like most of the methodological elements used for the actuarial valuation of the after-service health insurance liability, the discount rate was selected by the United Nations on behalf of all the entities that participate in the same health plans and for which the United Nations coordinated the valuation exercise.

180. According to the United Nations, the objective of selecting a discount rate when valuing end-of-service and post-retirement benefits was to measure the single amount that, if invested in a portfolio of high-quality debt instruments, would provide the necessary future cash flow to pay the accrued benefits when due. The United Nations has historically established the discount rate assumption by referring to rates of return on available high-quality, fixed-income investments with cash flows that match the timing and amount of expected benefit payments. The rates of return used as a reference by the United Nations have been those of high-quality corporate bonds.

181. The Board acknowledges that this methodology is compliant with IPSAS 25, yet makes the following comments for consideration in the discussion on funding these liabilities:

(a) The increase in the discount rate does not reflect the trend in interest rates, which have generally tended to decrease over the recent period. This increase is due to the decision of the United Nations not to increase the discount rate for the previous valuation, although the application of the methodology described above would have resulted in an increase from 5.5 per cent to 6.5 per cent at that time. Considering the uncertainties regarding the prescriptions of IPSAS (IPSAS 25 had not yet been adopted), the United Nations had conservatively decided to maintain the 5.5 per cent rate. Had it chosen to raise the rate to 6.5 per cent at the time, the same rate would have then decreased instead of increased for the last valuation, which would have been consistent with the economic environment;

(b) The discount rate is but one example of the high level of uncertainty inherent in the actuarial valuation of a liability. While compliant with the accounting standards, this valuation is only an estimate of the actual value of the liability. Consequently, the United Nations may wish not to regard this as the absolute reference. Valuations based on standards other than accounting ones may yield different results. In this regard, the Board wishes to underline that a financial valuation of the funding needs, or "funding valuation", would result in a different value than the accounting valuation which, by its nature, is generally more conservative. This is one of the reasons why the United Nations has advised that the funding requirements of after-service health insurance and other end-of-service and post-retirement liabilities are only a portion of the Organization's liability as valued according to the accounting standards.

(b) Annual leave liability

182. The Administration had an accrued liability for unused vacation days amounting to $96 million, as shown in statement XI and further disclosed in note 11 to the financial statements.

183. Whereas the annual leave liability had previously been estimated using the current-cost methodology, the Administration changed its accounting policy and calculated the annual leave liability on the basis of an actuarial valuation performed by an external consultant. The Board noted that the actuarial firm engaged as the external consultant had indicated in its report that it had been requested by the

United Nations to provide "an actuarial valuation of after-service health insurance, repatriation and annual leave benefits for the purpose of reporting under International Public Sector Accounting Standard 25".

184. The Board reviewed the actuarial valuation report, where the liability amounts for after-service health insurance, repatriation grants and annual leave were determined by the actuary based on certain census data submitted by the United Nations. As far as the annual leave liability is concerned, extracts from the assumptions detailed in the actuarial valuation report are set out below:

> Annual leave benefits to provide staff members with periods of time off from work at full pay for personal reasons and for the purposes of health, rest and recreation. Upon separation from service, staff members who have accrued unused annual leave will be paid for each day of unused leave up to a maximum of 60 days. This benefit is referred to as "annual leave".
>
> Annual leave projection. The annual leave balance upon separation from service was projected to be equal to a staff member's current annual leave balance as of 1 January 2010 plus additional days of annual leave earned and not taken after 1 January 2010;

and

> The obligations were valued based on a discount rate of 6 per cent as at 31 December 2009.

185. The Administration justified the change in the valuation method of annual leave by reference to IPSAS 25, although no mention of IPSAS is made in the financial statements. This change is considered by the Administration as an enhancement of the financial information which, while compliant with the United Nations system auditing standards, is a step towards the full implementation of IPSAS.

186. The Board took this fact into consideration and checked whether this new valuation method would be compliant with IPSAS once they are fully applicable to the United Nations.

187. An important distinction made by IPSAS 25 is that between short-term and long-term benefits. The Administration has applied the actuarial valuation method to the leave liability based on the assumption that annual leave is a long-term benefit.

188. IPSAS 25 defines short-term employee benefits as "benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render the related service". Furthermore, IPSAS 25, paragraph 11, provides examples of items that are classified as short-term benefits and the examples include "short-term compensated absences (such as annual leave and paid sick leave) where the absences are expected to occur within twelve months after the period in which the employees render the related service". The fact that, as provided for by the staff rules of the United Nations, employees may accumulate unused leave days from one period to the next does not in itself make annual leave a long-term benefit. Nor does the fact that employees are entitled to a cash payment for unused leave days upon ceasing service. IPSAS 25 (paras. 14-19) provides for these cases, which are classified under short-term benefits.

189. In addition, IPSAS 25, paragraph 12, states:

Accounting for short-term employee benefits is generally straightforward because no actuarial assumptions are required to measure the obligation or the cost and there is no possibility of any actuarial gain or loss. Moreover short-term employee benefit obligations are measured on an undiscounted basis.

190. Therefore, the Board is of the view that the annual leave liability of $96 million calculated through the actuarial valuation is not compliant with IPSAS 25 as it (a) includes future days to be accumulated and (b) is a discounted amount.

191. **The Administration agreed with the Board's recommendation that it consider revising its policy for the valuation of leave liability in its implementation of the International Public Sector Accounting Standards.**

13. Results-based management/budgeting

192. Results-based budgeting is a programme budgetary process in which: (a) programme formulation revolves around a set of predetermined objectives and expected results; (b) expected results are derived from and are linked to outputs; and (c) actual performance is measured by objectives and performance indicators. It uses a logical framework which is formulated to ensure that expected results are specific, measurable, attainable, realistic and time-bound ("SMART").

193. The Board reviewed the central management of results-based budgeting at Headquarters and its implementation across the Secretariat, including in offices away from Headquarters, regional commissions and other entities related to the Secretariat.

(a) Overall observations on the results-based budgeting system

(i) Previous audit conclusions

194. Several audits of results-based budgeting and/or results-based management have already been performed by other United Nations oversight bodies in recent bienniums. The main work in this regard is listed in table II.4. The Board took into consideration this previous work for its own review.

Table II.4
Previous audits and reviews of results-based budgeting and/or results-based management

Title of the report	*Symbol*	*Issuing body*
Implementation of all provisions of General Assembly resolution 55/231 on results-based budgeting	A/57/474	Office of Internal Oversight Services
Report of the Office of Internal Oversight Services on proposals on the strengthening and monitoring of programme performance and evaluation	A/60/73	Office of Internal Oversight Services
Evaluation of results-based budgeting in peacekeeping operations	A/60/709	Joint Inspection Unit
Review of results-based management at the United Nations	A/63/268	Office of Internal Oversight Services

195. Those reports pinpointed several limitations of the existing results-based budgeting system of the United Nations. The main limitations are summarized in the following paragraphs.

196. The General Assembly, in its resolution 55/231 on results-based budgeting, stressed that the use of indicators of achievement should not constitute a method by which to adjust approved resources and placed limitations on the authority of the Secretariat to transfer resources between post and non-post budget lines. OIOS found a diverse range of monitoring systems in use, rendering programmes difficult to compare. Results-based budgeting has thus not achieved its principal aim of making it possible to obtain a global overview of the work being carried out and clear programme evaluation. Improvements to resource management could have been more far-reaching: as the objectives are now based on results and in practice involve a large number of actors, it is more difficult to identify roles and responsibilities. Neither did the original design provide for any penalization in the event of failure to achieve the objectives, which has lessened its impact with regard to the management of resources. Expected accomplishments, which alone make it possible to define indicators and measurable objectives, are restricted to individual departments, divisions or sections, thereby barring any decision of a strategic nature from being taken.

197. Other significant limitations to results-based budgeting stemmed from cultural and regulatory factors: the inflexibility of the original framework, work habits and piecemeal change management. Consequently, results-based budgeting has been used more in order to comply with the rules than to take strategic decisions, a natural consequence of the design's shortcomings and actors' failure to see its real benefits. OIOS also found that existing procedures had not been simplified, which constituted an essential precondition for the implementation of a new regulatory framework.

198. A last set of limitations originated from the fact that the relevance of indicators was often not clear: in some cases, they measure only the scale of the operation (resources allocated in terms of staff, funds required, etc.) and not the observed result. In some cases, OIOS even found a total absence of any logical link between expected accomplishments and indicators of achievement. In addition, they were for the most part insufficiently objective or precise to be measurable. This resulted in a lack of uniformity in the analysis carried out.

199. OIOS also insisted on the negative effects of any indicator, even one perfectly defined, clear and linked to the expected accomplishments. For example, an indicator measuring the implementation of recommendations encourages priority being given to those recommendations whose implementation is straightforward.

200. The system for analysing resources and outputs had therefore remained largely unchanged. The programme budget continued to be based on outputs and not on expected accomplishments. The delivery rate of outputs, and in particular the extent to which they corresponded to the work programme approved by a deciding body, remained the feature of programme evaluation deemed most important by the General Assembly. Finally, the accomplishment of an objective had no effect on the allocation of resources.

(ii) Conclusions of the Board

201. The preparation of the programme budget for a biennium is a complex and relatively long process; it commenced in 2005 for the biennium 2008-2009, for example. The structure of the programme budget conforms to a logical framework defined in the Secretary-General's bulletin ST/SGB/2000/8 of 19 April 2000 on the regulations and rules governing programme planning, the programme aspects of the budget, the monitoring of implementation and the methods of evaluation. This framework includes the following elements: objectives, expected accomplishments, indicators of achievement and external factors.

202. The analysis of the 2008-2009 programme budget relating to the programmes and subprogrammes selected for the Board's review revealed that:

(a) The formulation of objectives sometimes lacked clarity, rendering them too vague to be measurable. Some objectives presupposed no progress or improvement and were stated in terms of "ensuring" rather than "improving". In other cases, their formulation rendered any effective accomplishment illusory, using expressions such as "full use", for example.

(b) The link between expected accomplishments and the corresponding objective was sometimes difficult to identify, even practically non-existent. Expected accomplishments were often too generic and therefore difficult to measure. Some spoke, for example, of "high quality", instead of introducing the notion of progress.

(c) Indicators of achievement were often flawed. The link with expected accomplishments was sometimes limited, even completely non-existent. They were sometimes drafted in such a way that the final user was unable to fully comprehend their meaning owing to their lack of precision. The actual measuring of the achievement could prove problematic from a methodological point of view when it depended on factors outside the Organization's control. For instance, the decline in the number of complaints concerning the holding of conferences, which was an indicator for the "Conference management" programme, could have been due to several factors not necessarily the result of any improvement in this service. Finally, the indicators sometimes measured an activity and not the expected performance. Such indicators can hardly be considered as performance indicators when the only measurement recorded concerned the production of a certain number of reports.

(d) External factors which were supposed to justify the failure to achieve objectives were stated in terms too vague to be effective, with the result that they could be used in multiple ways by programme managers to explain the absence of performance.

203. **The Administration agreed with the Board's recommendation that it review the logical framework of results-based budgeting with a view to making it more precise.**

204. More fundamentally, the Board found that there were many structural, deep-rooted obstacles to changing the results-based budgeting system as currently designed and implemented.

205. The General Assembly is primarily concerned with the correct expenditure of resources via the delivery of outputs. Its analysis of the performance of the previous biennium is hampered notably by the budgetary timetable, which is systematically oriented towards the forthcoming biennium. A real analysis of performance would,

in addition, imply that decisions would have to be taken with regard to the allocation of resources, as the cost of outputs and expected accomplishments could be identified.

206. In the instructions on the preparation of budget proposals, programme managers are encouraged to realign resources so as to ensure that delivery best meets needs. Nevertheless, the current reporting structure and the various authorizations required for any transfer of resources are so onerous and restrictive that programme managers prefer to retain the same objects of expenditure from one year to the next, by proving that they correctly delivered the outputs required.

207. The Board is of the view that the current process is a long way from allowing improvement of the effectiveness and efficiency of the Organization. The expectations behind the decision to develop results-based budgeting do not appear to have been matched by the process as implemented within the Secretariat.

208. **The Administration agreed with the Board's recommendation that it clarify the objectives of the results-based budgeting process in order to make them more consistent with the existing system and thereby obtain greater support from actors concerned within the Organization.**

(b) Implementation of results-based budgeting across the Secretariat and other related entities

209. To illustrate the systemic issues described above, the Board wishes to provide in the following paragraphs some instances of shortcomings in the implementation of results-based budgeting across the Secretariat and related entities.

210. The Board reviewed the objectives and indicators used by the Department for General Assembly and Conference Management for managing meetings and conferences in the proposed programme budget for the biennium 2006-2007, 2008-2009 and 2010-2011. Indicators relating to expected accomplishment (a), that of improving the quality of conference services, include the reduced number of complaints by representatives of Member States as to the quality of conference services (indicator (a)). In the programme budget for 2008-2009, indicator of achievement (a) was measured as a percentage for the three performance measurements (achievement, estimate and target). In the proposed programme budget for 2010-2011, the same indicator was expressed as the number of complaints for those three performance measurements.

211. Even if the targeted objective was clear, the variation in the metrics of the indicator made it difficult to measure achievements against targets.

212. **The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management uses the same metrics for the indicators used to set targets and to measure performance.**

213. One of the main tasks of the Central Planning and Coordination Service of the Department for General Assembly and Conference Management is to ensure the best implementation rate in terms of the number of meetings actually held in relation to the number of meetings scheduled. This criterion is now measured by dividing the number of meetings scheduled by the number of meetings held (see expected accomplishment (c) "Increased utilization of meeting services").

214. In the programme budget for 2004-2005 (A/60/6 (Sect. 2)), the above-mentioned indicator was designed to measure performance with regard to the "2006-2007 target" based on 6,000 scheduled meetings and 6,000 meetings held in New York with interpretation, i.e. a 100 per cent implementation rate. In the proposed programme budget for 2010-2011 (A/64/6 (Sect. 2)), this indicator was designed to measure performance with respect to the "2006-2007 target" based on 6,800 scheduled meetings and 6,460 meetings held in New York with interpretation, i.e. a 95 per cent implementation rate.

215. The indicator did not take into account the targets set for the biennium. In other words, the projected figures were not used to assess the performance of the Central Planning and Coordination Service, since the ratios reported were only a snapshot of the meeting activity scheduled in relation to meetings held. This was a very relative notion of performance, since cancellations are not caused by the Department for General Assembly and Conference Management.

216. **The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management compares targets against achievements to measure its performance.**

217. The Board noted that, in section 2, subprogramme 2 of the proposed programme budget for the biennium 2010-2011 (see A/64/6 (Sect. 2)), the target for the number of meetings without interpretation planned for New York was 13,324, versus a target of 10,520 for meetings held, a targeted implementation rate of 79 per cent.

218. The targeted meeting implementation rate was estimated at 80 per cent for the end of the biennium 2008-2009 for New York. In the absence of any substantiation, the Board found it paradoxical that targets should be less ambitious than what had already been achieved or even that large numbers of meeting cancellations should be anticipated (21 per cent of scheduled meetings, i.e. 2,804 meetings). It was also the first time since the biennium 2006-2007 that a targeted implementation rate for meetings, with or without interpretation, was not equal to 100 per cent.

219. This peculiarity only applied to New York and raised the problem of harmonizing the definition of targets for the four United Nations conference services. The conference services at Geneva, Vienna and Nairobi had all posted a target of 100 per cent for 2010-2011 for the implementation rate of meetings, with or without interpretation. The Department for General Assembly and Conference Management stated that each duty station set its own targets based on its specific meeting procedures. That practice does not make it possible to compare the effectiveness of the various United Nations conference services.

220. **The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management (a) substantiates the lowering of its targets and (b) harmonizes the methods used to define targets for the meetings implementation rate in New York, Geneva, Vienna and Nairobi.**

221. At ESCAP, the Board noted that the coordination and quality control of work relating to the programme budget were the responsibility of the Programme Management Division. That division prepared internal instructions and guidelines, for example, those relating to evaluation. Each division in the ESCAP secretariat had a planning, monitoring and evaluation focal point, alternate focal point,

assistant and alternate assistant. In addition, most staff members at the Professional level received several days' training on results-based management.

222. In November 2007, the status of delivery of the programme of work for the period 2006-2007 was the subject of a consultation between the Executive Secretary of ESCAP and each subprogramme manager (division chief or chief of office). The development of the strategy framework for 2010-2011 was initiated at a senior management retreat in early December 2007. However, according to staff the Board interviewed, the definition of objectives and related indicators of achievement was for the most part the result of proposals by division managers, adjusted slightly in the dialogue with the Programme Management Division. The Board holds the view, however, that results-based budgeting is more an instrument for dialogue with management than a mere forecasting tool.

223. **The Economic and Social Commission for Asia and the Pacific agreed with the Board's recommendation that it ensure that the definition of objectives, expected achievements and indicators of achievement for each subprogramme is the product of a more in-depth dialogue between programme managers and the secretariat, with a view to increasing the utility of the programme of work as a management tool during the implementation phase.**

224. Many of the "indicators of achievement" of the ESCAP programme budget for 2008-2009 were formulated in a very vague manner: "increase in the number of effective measures implemented to improve the livelihood of vulnerable groups", "increase in the number of contributors who support mechanisms for regional cooperation". As a consequence, the results measured through the indicator, for example "40 measures in 2008-2009" have limited value. Conversely, other indicators, such as those of the subprogramme "trade and investment", could be measured using data that are more closely related to the work of ESCAP, for example collected from feedback received from external participants in ESCAP activities.

225. The indicators of achievement included in the strategic framework for 2010-2011 represented an improvement compared with the biennium 2008-2009 in that a number of indicators could be measured using feedback received from participants in ESCAP activities and others measured the number of signatories to regional agreements, the number of times data produced by ESCAP were used or the number of documents published on a given theme.

226. There was great variation in the level of the expected "outputs", ranging from complex authoritative publications, to the organization of standard meetings. The connection with expected achievements was not always clear. Some were not really quantified: "series of monographs, etc.", "consultation services, etc.", "field projects, etc.".

227. **The Economic and Social Commission for Asia and the Pacific agreed with the Board's recommendation that it make a clear distinction between outputs which are part of its day-to-day management and those that constitute essential elements in the work of the Organization, ensuring that lists of non-quantified routine tasks are avoided.**

14. Treasury management

228. Through the Cashier's Section, the Treasury of the Secretariat takes on the important function of collecting and disbursing the funds of the Organization. Most revenues of the Organization go through accounts centralized by the Treasury. These accounts support the operations of the various funds which form the accounting and financial structure of the Organization.

229. The Organization is not authorized to borrow funds in order to cover a possible cash shortage. This financing constraint, as well as the risks of cash tensions due to late payments by donors, led to the formulation of a liquidity consolidation policy which has been gradually implemented and extended since 2001. It is based on the following three elements:

(a) A pooling of the available funds of participating entities ("cash pooling");

(b) The provision to participants of the liquidities they required for their operational needs, within the limits of their participation;

(c) The investment of unused available funds.

230. The Board reviewed the documentation and implementation of the investment strategy of the Organization. The formalization of a documented investment strategy constituted the framework setting strategic objectives for the Treasury; it also represented a management and control tool for the activities carried out by the Treasury in order to meet those objectives.

231. The investment policy and procedures of the Treasury were mainly formalized in the United Nations Investment Management Guidelines approved by the Controller on 18 July 2008. In accordance with the common principles and policies for investment laid down in 2004, the guidelines prioritized the objectives of the Treasury manager: to increase the financial profitability of invested funds, preserve assets and maintain a portfolio with sufficient liquidity. The guidelines stated that investment quality, safety and liquidity were to be emphasized over the absolute rate of return. In addition, the guidelines formalized the establishment of the Investment Committee under the authority of the Controller.

232. While the technical characteristics of the authorized investment tools were described in the documentation reviewed, the link between the composition of the portfolio, its liquidity, its profitability and its exposure to the various risks identified was not precisely documented. For example, while treasury needs should first be met by liquid assets, especially for the daily deposits, no minimum outstanding amount had yet been determined for very short-term investments, although the share of investment in that category had increased considerably since 2007.

233. According to the Administration, the nature of the portfolio called for the ability to adapt quickly to market conditions, which was difficult to reconcile with overly formal decision-making procedures, as long as the prioritization of the objectives described in the United Nations Investment Management Guidelines was observed.

234. The changes the Board noted in the composition of the portfolio over the most recent period, however, indicated that "structured" strategies were being implemented, resulting in a substantial change in the way in which the criteria

governing the choices between the various investment tools were weighed against one another. In the context of the severe crisis financial markets were going through, leading to the increased instability of indexes and difficulty in identifying counterparty risks, the Administration specifically told the Board that the absolute priority currently given to the protection of asset indexes was encouraging a search for risk-free investment (sovereign debt bonds), though less profitable, at the expense of day-to-day investments or certificates of deposit on the interbank market.

235. In the absence of sufficient documentation on the criteria according to which investment operations were oriented and reoriented, it was difficult to assess the rationality of the choices made by the Treasury in relation to the strategic objectives in the medium term.

236. The Treasury indicated that the insertion of "static links for precise composition of the portfolio" in the United Nations Investment Management Guidelines would render the portfolio composition too rigid and, as a result, hamper the investment performance. The Board was of the view that the situation of the financial markets emphasized the need for better security, which was to be achieved through refining the investment policy guidelines. The broad definition of the objectives set out in the current United Nations Investment Management Guidelines made it possible to narrow them down while keeping sufficient room for manoeuvre for the Treasury.

237. **The Board recommends that the Administration ensure that the choice of investment solutions and the link between the composition of the portfolio, its liquidity, its profitability objective and its exposure to risks are more precisely formalized and documented in the United Nations Investment Management Guidelines.**

238. In the context of the severe financial crisis, there was an increased need to monitor and regularly approve the overall portfolio management strategy. Such approval could in principle be given by the Investment Committee. However, the Board was of the view that the periodicity of the Committee's meetings was not sufficient for it to closely monitor the implementation of the strategy. Additionally, the weekly meeting of the directors of the Office of Programme Planning, Budget and Accounts could not be used as a forum to conduct a regular and detailed review of the investment strategy, or review of the arbitrations carried out with regard to yield, liquidity, the preservation of capital and the justification of any significant change in the choice of investment tools. As a result, the strategy of the Treasury was never formally examined during the year.

239. The Board also found that the documentation of the implementation of the short-term investment strategy was inadequate. The type of transactions to be carried out during the day was defined following informal discussions or specific meetings chaired by the Treasurer. Those discussions and meetings constituted the principal tool for implementing the management strategy in concrete terms. However, in the absence of a summary of the decisions taken, the content of those meetings was neither explicit, nor traceable. That insufficient traceability made it hard to verify the compliance of short-term decisions with strategic objectives.

240. **The Board recommends that the Administration enhance the reporting on (a) the investment strategy chosen and (b) the daily implementation of that strategy.**

241. Regarding performance assessment, the Board wishes to underline that a regular review of the portfolio management choices made by the Treasury constitutes an element which is essential, on the one hand, for the evaluation of their relevance in relation to the objectives set and, on the other hand, to their reorientation, if need be. Upon review of the existing provisions on performance assessment, the Board found that:

(a) The evaluation of the rate of return on investment operations and the introduction of a target made it possible to appropriately assess whether the performance objective had been reached for "funds managed by the Organization". The elements presented by the Administration indicated that the target had often been exceeded since 2007;

(b) The indicator relating to the absence of any interest loss constituted an appropriate assessment of the manager's performance with regard to "preserving assets". No interest loss has been observed to date;

(c) Those indicators appeared restrictive, however, since they did not make it possible to evaluate the liquidity of the portfolio, which cannot be dissociated from arbitrations in terms of yield and risk.

242. **The Board recommends that the Administration supplement the performance assessment framework for cash management with specific objectives regarding the composition, liquidity and duration of the portfolio.**

243. The risk management policy presented in the United Nations Investment Management Guidelines set several limits, in particular regarding the composition and diversification of the portfolio, the maturity of investments, the management of the currency exchange risk and the choice of counterparties. The list of the main limits is presented in the appendix to the guidelines.

244. The Board found that only the limit on the maximum total amount of investments to be carried out with a given counterparty was monitored by the Treasury. All the other limits defined in the United Nations Investment Management Guidelines were not the subject of any monitoring process. There was, therefore, a danger of the limits being exceeded and of the risk management policy not being complied with.

245. **The Board recommends that the Administration:**

(a) **Define, formalize and implement procedures relating to the monitoring of all the limits set forth in the United Nations Investment Management Guidelines;**

(b) **Design and maintain a consolidated score card integrating the monitoring of all limits, with a view to reporting the results of that monitoring to the Investment Committee.**

15. Programme and project management

(a) Publishing policy of the Department of Economic and Social Affairs

246. The Department of Economic and Social Affairs of the Secretariat is responsible for multiple publications, as summarized in table II.5.

Table II.5
Publications of the Department of Economic and Social Affairs since the biennium 2006-2007

Division of the Department of Economic and Social Affairs	*2006-2007*	*2008-2009*
Coordination and support to the Economic and Social Council	2	4
Gender equality and the advancement of women	31	40
Social policies and social development	15	9
Sustainable development	38	37
Statistics	234	245
Population	33	36
Trends, issues and policies in world development	16	17
Public administration, finance and development	15	15
Sustainable forest management	24	23
Financing for development	14	28
Total	**422**	**454**

247. Publications are the product of the contribution made by each division, which in a decentralized manner assumes responsibility for the design of a publication, and collaboration with other departments, in particular the Department for General Assembly and Conference Management and the Department of Public Information, which handle production and dissemination.

248. The coordination of communication activities was one of the commitments made in the compact of the Under-Secretary-General for Economic and Social Affairs with the Secretary-General. It was supervised by an Assistant Secretary-General, who was assisted by an official from the Office of the Under-Secretary-General and a Department representative on the Publications Board.

249. The Publications Board is governed by Secretary-General's bulletin ST/SGB/2005/15; its mission is to promote greater efficiency in United Nations publishing processes by introducing coordination mechanisms. Most of the functions of this board have been delegated to four executive subcommittees, each of which specialize in a different area and on which the Department of Economic and Social Affairs is represented.

250. In reality, the Publications Board has not met for a number of years and its exchanges have been made electronically. The Publications Board was supposed to examine important issues, such as the placement of the United Nations emblem on certain publications and the attribution of texts to their authors by name. However, the coordination function no longer existed. Adequate oversight and transparency over budget and costs issues were also lacking, as there was no longer an office attached to the Board systematically checking the availability of funds and their proper allocation.

251. **The Administration agreed with the Board's recommendation that it re-examine and, where necessary, redistribute the missions and activities of the Publications Board.**

252. Editorial priorities for 2009 were set out in an internal document of the Department of Economic and Social Affairs that established five key publishing guidelines for the year: strengthening development, assisting in the achievement of Millennium Development Goals (conferences, supporting documents), providing assistance in the response to the financial crisis (reports, supporting documentation), contributing to climate change objectives and strengthening expertise (statistics, advancement of women, etc.). In principle, divisions were required to direct their programmes along these guidelines.

253. The examination of current publications showed that they can hardly be linked to the priorities set for 2009; rather, the Board found a profusion of publications. This was the result of several factors, which included the autonomy in programming and implementation of the work of each division, specialization and the technical nature of a number of the issues addressed, the specific nature of readerships and the very organization of the Department of Economic and Social Affairs. The editorial line of the Department existed only partially. It existed only to a very limited degree upstream in the publication process, since there was no such thing as a joint editorial board that would have monitored and approved issues addressed. Downstream in the process, the editorial line was in part assured by the agreement given by the Under-Secretary-General for the publication of documents once they had been read by him; nevertheless, in view of the volumes in question it was possible to monitor only a small proportion of publications in such a way and so to make up for the limited upstream editorial consistency.

254. While the growth in the number of publications by the Department of Economic and Social Affairs no doubt created value, it was not immune from the risk of apparent duplication. The Board noticed that publications with apparently similar content could be published at uncoordinated intervals by divisions with somewhat similar activities.

255. The Board is of the view that synergies between divisions on certain publications that are potential rivals have not been sufficiently developed. In the area of social analysis and demographics, for example, the issue of data collection and analyses relating to demographic evolution in general contained related information from the Division for Social Policy and Development (see 2007: *The Employment Imperative* and 2005: *The Inequality Predicament*, the Population Division (*International Migration from Countries with Economies in Transition: 1980-1999* and *Population Challenges and Development Goals*), the Development Policy and Analysis Division (*World Economic and Social Survey, World Economic Situation and Prospects* and thematic reports for the Committee for Development Policy) and the Statistics Division (*Population and Vital Statistics Report* and *Demographic Yearbook*).

256. **The Administration agreed with the Board's recommendation that it ensure that the Department of Economic and Social Affairs takes measures to increase the coordination of publications, in terms of both content and editorial priorities, in particular in order to avoid overlap in publications.**

257. Although some publications by the Department of Economic and Social Affairs were for sale, a significant share of them were free of charge. Except in the case of flagship publications, which were the subject of consultation with the Department of Public Information as part of a dissemination strategy, dissemination was not a main preoccupation. The idea prevailed that United Nations publications

had a dissemination that in principle (General Assembly, commissions, permanent representations, non-governmental organizations, United Nations Information Centres, etc.) was sufficiently broad to be systematically envisaged without a particular quest for each document to have a specific impact.

258. As a result of the above, there was a routine dissemination of publications, the actual results of which were not measured. Most often in relation to this point, the Department of Economic and Social Affairs was not able to contribute information that measures the impact of its publications, whether quantitative or qualitative. The divisions questioned presented several types of responses and arguments to this criticism. A frequent response was that many publications were mandatory and expressly requested by a main body of the United Nations; measuring their impact would be of no use and even inappropriate.

259. This argument was not fully convincing, since one could argue that while respecting mandates in place, divisions see their mission as also involving an evaluation of the results of previous publications. Clearly, this was not the case for parliamentary documents but did apply to publications aimed at the general public.

260. **The Board recommends that the Administration ensure that the Department of Economic and Social Affairs plan for mandatory documents aimed at the general public is the subject of an evaluation of results, which could then be forwarded to the main body that mandated the publication of the documents.**

(b) Pattern of conferences

261. The primary mandate of the Department for General Assembly and Conference Management is to facilitate communication between Member States. The success of the Organization's conferences and meetings is an integral part of its objectives. This task is performed by the Central Planning and Coordination Service, which is one of the five major units of the Department.

262. The Board examined the organization and management of this Service and found that the information contained in the Secretary-General's latest annual report on the pattern of conferences (A/64/136) did not apply to all meetings. Statistics were compiled on the basis of a sample corresponding to conferences and meetings that were held regularly in order to allow comparisons from one year to the next. Performance indicators (e.g., utilization factor and reliability index) covered only intergovernmental meetings. Data on meetings held "as required" (i.e. for bodies entitled to meet on an ad hoc basis in addition to their sessions with fixed dates for which budgetary provisions were made) and meetings of regional groups and other major groupings of Member States were also presented. They identified the number of meetings requested with or without interpretation, and the number of meetings actually held.

263. For the conference facilities at Headquarters, the total number of meetings analysed in the report amounted to 2,991 in 2008, whereas, according to the information presented in the monthly room occupancy tables and the result-based management reports, over 11,000 meetings were held in the Headquarters conference rooms.

264. Thus, the report on the pattern of conferences did not provide sufficiently accurate information to measure the total activity in numbers of meetings for each conference centre.

265. **The Administration agreed with the Board's recommendation that it ensure that the annual report of the Secretary-General on the pattern of conferences provides statistics to measure the total number of meetings with a view to assessing changes in this variable.**

266. The meetings and conferences that require interpretation services and verbatim recording services were a particularly critical issue regarding the allocation of the human and material resources required for these meetings to run smoothly. It is essential that resources always be available, but, conversely, cancellations can be costly to the Organization if resources cannot be reassigned in time.

267. Regarding the conference facilities at Headquarters, the Secretary-General's annual report on the pattern of conferences (A/64/136) assessed the performance of 1,668 meetings that required interpretation services, whereas according to the programme budget of the Department for General Assembly and Conference Management (A/62/6 (Sect. 2) and A/64/6 (Sect. 2)), the total number of meetings with interpretation for the 2008-2009 biennium amounted to 5,820, for an average of 2,910 meetings per year.

268. Moreover, the detailed performance analysis covered only the major meetings (1,164 sampled). For "as required" meetings and meetings of regional groups and other major groupings of Member States, the assessment of scheduling reliability, the resource utilization factor and the number of cancellations and reassignments was not carried out. In the case of cancellation of these meetings, the problem of redeploying the interpretation staff also arose. According to the Secretary-General's annual report on the pattern of conferences mentioned above, there was no reassignment of resources for almost 30 per cent of cancelled meetings in 2008 (that figure was 50 per cent in 2007).

269. Thus, a significant portion of meetings with interpretation was not analysed in the annual report, which reduced the assessment that could be made on the overall performance in scheduling and resource allocation.

270. **The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management conducts a performance analysis for all meetings with interpretation and for each conference centre.**

271. The impact of the capital master plan on meeting management was updated regularly in the Secretary-General's annual reports on the pattern of conferences. A risk analysis was conducted on behalf of the Department for General Assembly and Conference Management covering all risks liable to affect meeting management, their possible impact and the solutions considered. The risks identified involved information technology and networking issues, the coordination of staff located in different buildings, the waste of time associated with coming and going between buildings, the difficulty of managing last-minute changes, the difficulty in meeting the delegates' expectations, the deteriorating working conditions and the management of space.

272. Among the possible consequences of these malfunctions were problems involving utilization of the equipment related to interpretation and verbatim reporting that could result in delays, interruptions or cancellations of meetings, inadequacies in respect of meetings scheduling, reduced staff productivity, interruptions in the document production line and overcrowded meeting rooms.

273. The projected solutions were comprehensive and their implementation depended on a plan, which, for each solution, was supposed to identify the person responsible and provide a completion date. As at the time of the Board's audit, however, this plan had not been completed even though the commissioning of the temporary conference building was scheduled during the following few weeks. There was therefore no operational tool to concretely measure the constraints posed by the capital master plan and to accurately respond to them. For example, travel time allocated to personnel from the meeting service or for interpreters had not been quantified and the number of personnel required to perform certain tasks related to the transition period (for example, to strengthen teams that would update and maintain information systems; to help delegates find their way to the temporary conference rooms; for transporting documents from one building to another) had not been defined.

274. **The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management urgently implements a plan for the transition phase of the capital master plan, in order to have precise knowledge of the needs and to provide operational tools to deal with them.**

(c) United Nations Information Centres

275. United Nations Information Centres are the principal sources of information about the United Nations system in the countries where they are located. They are responsible for promoting greater public understanding of and support for the aims and activities of the United Nations by disseminating information on the work of the Organization to people everywhere and especially in developing countries.

276. The Information Centres came into existence in 1946, when the General Assembly set out the terms of reference for the activities of the Department of Public Information in resolution 13 (I). In paragraph 6 of annex I to the resolution, the Department of Public Information was called upon to establish branch offices "in order to ensure that people in all parts of the world receive as full information as possible about the United Nations". Subsequently, during the course of 1946-1947, United Nations Information Centres were established in Copenhagen, London, Mexico City, New Delhi, Paris, Prague, Rio de Janeiro and Washington, D.C.

277. The United Nations had 63 information centres or services as at 2010. Strictly speaking, the expression "United Nations Information Centre" refers to just one category, albeit the largest, of information centres or services. The network of information centres and services comprised:

(a) Fifty-three "United Nations Information Centres" with 255 employees and an annual operational budget (excluding staff costs) of $3,551,000, including the United Nations Regional Information Centre for Western Europe, located in Brussels;

(b) Eight smaller United Nations Offices, all situated in the Commonwealth of Independent States, except for the Eritrea Office;

(c) Two United Nations Information Services situated in Geneva (23 staff and an operational budget of $623,000, exclusive of staff costs) and Vienna (10 staff and an operational budget of $148,300).

278. The Board audited the management of the United Nations Information Centres both centrally, by the Strategic Communications Division of the Department of Public Information, and on the ground, through a review of a representative sample of information centres.

279. The Board examined the organizational structure and geographical distribution of the centres, particularly the process of regionalization of centres. There were two regionalization methods: either merge several centres into one or create a regional centre that coordinates the activities of other centres located in the countries of a given region.

280. The second regionalization method was being partially implemented for Cairo, Mexico City and Pretoria. It entrusted a United Nations Information Centre with the task of coordinating and leading a particular region. Despite its advantages, this structure raised a twofold problem:

(a) Member States of the United Nations likely to be served by a regional centre often disagreed with this type of structure, because they considered that having a national information centre added to their diplomatic prestige and some of them did not wish to relinquish this right, even partially. The Group of 77 has also expressed some reservations about regionalization;

(b) The experience in Africa showed the difficulties encountered in setting up a regional centre in Pretoria to serve 17 countries. This recent decision by the Department of Public Information was based on terms of reference that, in the Board's view, were not sufficiently prepared. One example of this are the complex relations initially set up with the United Nations Information Centre in Nairobi which, backed up by the United Nations Office at Nairobi, also considered itself a candidate for becoming a centre of regional influence in Africa.

281. Although the Department of Public Information indicated that most difficulties were not attributable to the conception of the rationalization process and have been resolved since, the Board is of the view that they could have been avoided by better preparation of the terms of reference.

282. **The Administration agreed with the Board's recommendation to ensure that the Department of Public Information does not create regional coordination platforms until a detailed study has been made of their operational and geographical competencies.**

(d) Safety and security at Headquarters

283. The Board audited the Division of Headquarters Security and Safety Services of the Department of Safety and Security to review the overall management of the Division and assess compliance with minimum operating security standards at United Nations Headquarters in New York.

284. In accordance with resolution 59/276, whereby the General Assembly established the Department of Safety and Security, the Secretary-General in his report A/61/531 dated 19 October 2006 specified the mandate of the Department of Safety and Security. However, the Board found that this report had not yet been followed by a Secretary-General's bulletin to set the structure and detail the mandate of the Department of Safety and Security. This is contrary to paragraph 3.3 of Secretary-General's bulletin on the organization of the Secretariat (ST/SGB/1997/5), which stipulates that "the mandate, functions and organization of each of these units are prescribed in separate Secretary-General's bulletins". As a result, the organization of the Division was still not set by any official administrative issuance.

285. At the time of the Board's audit, the Department of Safety and Security as a whole was subject to an overall management review, the purpose of which was to make structural reform proposals to the General Assembly, following various reports which underlined inadequacies in the organization and resources of the Department. The Administration indicated that one of the outputs of this management review was a proposed Secretary-General's bulletin on the organization of the Department.

286. **The Administration agreed with the Board's recommendation to issue a Secretary-General's bulletin setting out the organization and responsibilities of the Department of Safety and Security, including those of the Division of Headquarters Security and Safety Services.**

287. The Administration explained that the Secretary-General's report on the resource requirements of the Department of Safety and Security for the biennium 2010-2011 had since been submitted to the General Assembly at its sixty-fourth session.

288. The Board focused its audit on the "head office" of the Division of Headquarters Security and Safety Services, by which it referred to the New York-based unit of the Division, directly under the authority of the Director of the Division. This unit supervised the activity of all the other units of the Division (i.e., the Security and Safety Service in New York and the services at offices away from Headquarters) and was instrumental in maintaining the cohesion of this relatively new Division comprising services that had operated autonomously for a very long time.

289. At the time of the audit, this head office consisted of 10 staff, including the Director and his assistant. It was structured as follows:

(a) The Protection Coordination Unit, headed by a P-4 staff member and comprising a P-3 Security Coordination Officer (post vacant at the time of the audit) and an assistant;

(b) A team of two Security Coordination Officers and an Administrative Officer (all P-3 level staff members) assisted by two General Service staff, who ensure the coordination of the Security and Safety Services at Headquarters and the regional commissions.

290. The Board found that the existing organization was inadequate to perform the missions of the Division of Headquarters Security and Safety Services related to the coordination and monitoring of Security and Safety Services for which it was responsible under satisfactory conditions. Given the responsibilities cited above,

two Security Coordination Officers responsible for coordinating security measures were insufficient to adequately coordinate all Security and Safety Services of the eight headquarters and regional commissions, as well as of the two international tribunals.

291. Moreover, the level of the Professional staff members of the Division was unsuitable given the military-like structure of the Division. In the course of their daily duties, the P-3 Security Coordination Officer and the P-3 Administrative Officer had to coordinate the work of heads of Security and Safety Services who stood at a higher level than them. The head of the Security and Safety Service in New York, for example, was a D-1 Director.

292. The team responsible for security coordination had been gradually put in charge of several ad hoc missions in addition to the missions envisaged at the time the Division was created.

293. This situation led security coordination officers of the Division of Headquarters Security and Safety Services to suspend or delay some of the coordination work of the Security and Safety Services in order to give priority to ad hoc missions. Although these additional responsibilities fell within the purview of the Division, the accumulation of these responsibilities aggravated the problem of the configuration of the staff described above, which in its current state of organization was not able to complete its core missions under satisfactory conditions.

294. **The Board recommends that the Administration reassess the staffing needs of the New York-based head office of the Division of Headquarters Security and Safety Services of the Department of Safety and Security.**

295. In response to an inspection report by OIOS on the analysis of evaluation capacities within the Secretariat (IED-2006-006), the Compliance, Evaluation and Monitoring Unit prepared a draft policy on reinforcing internal oversight capabilities within the Department of Safety and Security, in particular by ensuring closer cooperation between its services and developing self-appraisal within them. This policy was in the process of formalization at the time of the Board's audit.

296. In this regard, the Security and Safety Services in New York was operating in a satisfactory manner since it had recently put in place an inspection unit dedicated to verifying compliance with security standards. However, this unit had not yet started to prepare a report at the time of the audit. Consequently, the Service was not in a position to substantiate the correct implementation of security standards at Headquarters. This was expected to be remedied by the work of the recently created inspection unit.

297. At the time of its creation, according to Secretary-General's report A/59/365, the Division of Headquarters Security and Safety Services had no specific responsibilities relating to the monitoring of compliance with security standards at United Nations headquarters locations. However, in his report A/61/531 dated 19 October 2006, in which he specified the application of resolution 59/276 (XI), the Secretary-General stated that the role of the Division of Headquarters Security and Safety Services is, "in coordination with the Compliance, Evaluation and Monitoring Unit, conducting compliance missions to support the implementation, evaluate the effectiveness and monitor the compliance with security policies, standards and operational procedures".

298. The Board understood that this specific role was to be carried out by the head office of the Division of Headquarters Security and Safety Services as part of its normal supervision of the Security and Safety Services, in particular that of New York. While compliance missions could be undertaken by the Security and Safety Services themselves, the segregation of duties principle implied that there must be a second level of internal control to monitor compliance with security standards.

299. Since its inception however, the head office of the Division of Headquarters Security and Safety Services proved unable to carry out these compliance missions. The monitoring of the operations of the Security and Safety Services was mainly performed through the review of the daily and monthly reports issued by the Services. Nevertheless, the daily reports focused exclusively on activity; they provided the description of the main events of the day that had an impact on security and safety (important meetings, demonstrations, evacuation exercises, etc.). Monthly reports were more complete and included a prospective dimension in terms of activity as well as human resources elements. Neither of these reports could, however, serve as the basis for monitoring compliance with minimum operating security standards.

300. In addition, the prerequisite of any minimum operating security standards compliance review was the knowledge of standard operating procedures and their application. However, at the time of the audit, these documents, which were prepared and maintained by each Security and Safety Service, were not centralized at the level of the head office of the Division of Headquarters Security and Safety Services. Aware of this drawback, the Division had incorporated into its strategic action plan for 2009 the objective to create an electronic catalogue of policies, plans and procedures implemented by each Security and Safety Service and its archiving. However, this catalogue was not yet operational at the time of the audit.

301. In light of the above, the monitoring function of compliance with minimum security standards by the head office of the Division of Headquarters Security and Safety Services was incomplete.

302. The Board noted that the Compliance, Evaluation and Monitoring Unit could conduct ad hoc missions on any site, including Headquarters, at the request of the Under-Secretary-General for Safety and Security. In practice however, priority had always been given to the audit of field operations. According to the Unit, this priority derived from the lack of common policies and standard operating procedures at headquarters locations. As a matter of fact, at the time of the audit, no audit mission focusing on minimum operating security standards compliance had been carried out by the Unit in any headquarters location.

303. As part of a reform proposal following the recommendations of the above-mentioned inspection report by OIOS (INS07-02), the Department of Safety and Security intended to integrate headquarters within the purview of the Compliance, Evaluation and Monitoring Unit. The Board was not provided with a firm decision on this matter.

304. As a consequence, neither the head office of the Division of Headquarters Security and Safety Services nor the Compliance, Evaluation and Monitoring Unit was performing second-level internal controls over the implementation of security standards at Secretariat headquarters locations.

305. **The Board recommends that the Administration ensure that the Department of Safety and Security significantly strengthens its system of internal control over the implementation of minimum operational security standards at United Nations Secretariat headquarters locations.**

(e) Publication of treaties and other legal documents

306. In accordance with Article 102 of the Charter of the United Nations, every treaty and every international agreement entered into by any Member of the United Nations after the entry into force of the Charter shall as soon as possible be registered with the Secretariat and published by it.

307. The treaty publication process consists of the following phases:

(a) Acceptance of legal instruments (treaty texts and subsequent treaty actions) and their review to ascertain their quality for publication in the United Nations Treaty Series;

(b) Filing requests for translation into the United Nations official language(s), usually English, if the authentic text(s) do not include English or French or both;

(c) Performing the full range of desktop publishing processes (scanning, image manipulation and conversion to text, volume tabulation, generation and compilation);

(d) Proof-reading and copy preparation;

(e) Correction of the final manuscript and conversion to PDF for printing and distribution.

308. It also includes, as the intermediary measure, processing of the individual treaty records for publication on the website in their authentic languages (pending the delivery of requisite translations). Translations are delivered by the Contractual Translation Unit, which is part of the Documentation Division attached to the Department for General Assembly and Conference Management.

309. The Board examined the duration of the main stages of this process according to the following protocol: the average time required to register, translate and publish treaties was calculated based on a sample of 50 treaties published since December 2007. These measures revealed that the average time required to register treaties was 25 months, but that more than 75 per cent of treaties were registered on the date of receipt. Translation required six-and-a-half months on average, and publication, including translation, required 29 months. This was double the time mentioned in the programme budget proposal for the biennium 2008-2009, which stated that "the time required for publication was reduced to a normal time frame of 12 to 15 months".

Table II.6
Average duration of each step of the treaty publication process

Process	*Average duration (in months)*
1. Registration after receipt	24.9
2. Translation	6.6
3. Publication after registration	28.9
4. Publication after registration minus time required for translation	22.4

310. In the absence of intermediate indicators to identify the phases of the process behind the increase in the average time required for publication, no corrective action plan was devised or implemented to reduce the time required for publication to between 12 and 15 months.

311. **The Administration agreed with the Board's recommendation that it ensure that the Office of Legal Affairs defines and specifies intermediate management objectives and indicators for each stage of the treaty publication process.**

16. Procurement and contract management

Special political missions

312. The Board found several issues regarding procurement matters in special political missions of modest size. Most of these issues derive from the imprecise legal and procedural framework applicable to the support of the special political missions by the Secretariat Headquarters.

313. At the United Nations Office for West Africa, the Board noted that OIOS had highlighted a number of irregularities in procurement. The most significant irregularity was the lack of delegation of procurement authority. OIOS had therefore recommended that the "Department of Field Support should retroactively approve the local procurement cases conducted with no delegation of authority and review whether it should grant UNOWA/CNMC the delegation of procurement authority at an appropriate level" (AUD-07-00446, recommendation No. 18, p. 19). During its own audit, the Board noted that implementation of this recommendation remained pending.

314. Following the internal audit mission, the Department of Field Support sent a facsimile dated 31 July 2007 to the United Nations Office for West Africa with the following instructions:

(a) Document "procurement issued directly to vendors over the direct expenditure threshold" ($2,500) as a first step towards their regularization;

(b) Refrain from engaging in procurement activities for amounts higher than the direct expenditure threshold;

(c) Entrust all procurement operations in excess of this threshold to other organizations such as UNDP.

315. However, the Department of Field Support subsequently deemed that it was no longer in a position to implement the aforementioned OIOS recommendation. It stated that the Under-Secretary-General for Field Support could not sub-delegate her delegation of procurement authority to entities that did not have a Director of Mission Support or Chief of Mission Support, which is the case for the United Nations Office for West Africa. The Procurement Manual (rev. 05, para. 3.2.2.4) indeed described the limited nature of the Under-Secretary-General for Field Support's delegation of authority. The Department told OIOS that it was therefore the responsibility of the Department of Management to implement said recommendation. This would derive from paragraph 3.2.2.5 of the Procurement Manual, which stated that: "For other Field Missions and/or OAHs, including the United Nations Regional Economic Commissions and Criminal Tribunals, the procurement authority is delegated from the USG/DM or ASG [illegible] to the DMS/CMS or DOA/CAO of the specific Field Mission and/or OAH.

316. The Department of Management deemed that it should not be the department responsible for delegating procurement authority. According to the Department of Management, the paragraph of the Procurement Manual referred to above did not concern special political missions. The Department added that the reading by the Department of Field Support of the delegation of procurement authority to the Under-Secretary-General led to an illogical situation whereby the Department of Field Support took on responsibility for some special political missions and not others.

317. As mentioned above, the Board is of the view that the reason for this situation ultimately lay with the confusion regarding the overall framework for the administrative backstopping of the special political missions. In this regard, despite reiterated recommendations by the Advisory Committee on Administrative and Budgetary Questions and OIOS, the division of responsibilities between the Department of Management, the Department of Field Support and the Executive Office of the Department of Political Affairs remained unclear. This was reinforced by the ambiguities affecting the exact mandate of the Department of Field Support in general and vis-à-vis special political missions in particular. The long absence of a Secretary-General's bulletin precisely defining this mandate made it difficult to assess the extent to which the Department of Field Support ought to support the special political missions. Secretary-General's bulletin ST/SGB/2010/2 was finally adopted in March 2010. It clarified that "The Department of Field Support: (a) Provides administrative and logistical support services to the Departments of Peacekeeping Operations and Political Affairs, as directed by the Secretary-General, through the delivery of dedicated support to United Nations peacekeeping operations, special political missions and other field presences" (para. 2.1 (a)). It further stated that one of the core functions of the front office of the Under-Secretary-General for Field Support was "Coordinating and serving as a facilitator to solve problems raised by the management of field operations for the effective provision of support to field-based special political missions" (para. 4.3 (f)).

318. Whereas the mandate of the Department of Field Support vis-à-vis special political missions had recently been set, the actual implementation of these provisions remained to be examined.

319. However, at the time of the audit, the Board had noted that a working group from the Department of Field Support and the Department of Management had been discussing the issue of the delegation of procurement authority to the Department of

Field Support and in this context, the particular situation of the United Nations Office for West Africa had been considered. The Department of Political Affairs had also been part of discussions with the Department of Field Support and the Department of Management on this matter. Nonetheless, no operational conclusion had been reached at the time of the audit with regards to the precise sharing of responsibilities over the backstopping of the procurement of the United Nations Office for West Africa.

320. **The Board recommends that the Administration ensure that the Department of Political Affairs, together with the Department of Management and the Department of Field Support, agrees on a precise and operational division of responsibilities for the administrative backstopping of special political missions, especially regarding procurement.**

321. The main consequence of the situation described above was that the recommendation by OIOS remained unaddressed. The United Nations Office for West Africa was left with no instructions from Headquarters on the way forward with regard to procurement. With no staff that had procurement competence, the Office had devised its own procurement procedures based on the fairly general instructions given by the Department of Field Support in the aforementioned facsimile. The managers of the United Nations Office for West Africa were unable to produce documentation describing this procedure; they nevertheless explained that:

(a) The Office made purchases whose value is not in excess of $2,500 by means of a purchase order drawn up following receipt of three quotes;

(b) For goods or services whose value is between $30,000 and $100,000, in the absence of a written agreement, the Office can use the services of the UNDP country office in Senegal for the supplier selection procedures, from invitation to tender right up to drawing up the contract with the successful bidder.

322. After examining the procedure and all purchase orders signed since 1 January 2008, the Board concluded that:

(a) The procedure which the Office claimed to apply was undocumented and contained loopholes; in particular, there was no provision for procurement when the value was between $2,500 and $30,000;

(b) Since 1 January 2008, the Office had used the services of UNDP only once for a works procurement process; the Office admitted that it avoided using the services of UNDP whenever possible, citing the length of procedures and cost of the services provided;

(c) Since 1 January 2008, the Office had purchased many goods and services without delegation of procurement authority.

323. **The Board recommends that the Administration:**

(a) **Regularize all purchases made by the United Nations Office for West Africa from 1 January 2008 in the absence of delegation;**

(b) **Grant the United Nations Office for West Africa delegation of procurement authority, even if only for low-value procurement;**

(c) **Should delegation not be forthcoming, or pending its actual implementation, give detailed operating instructions to the Office in order for it**

to carry out procurement activities in compliance with the United Nations Procurement Manual.

324. At the United Nations Integrated Peacebuilding Office in Sierra Leone (UNIPSIL), the Board reviewed the nine highest-value contracts entered into by UNIPSIL since its inception. Overall, they represent over $7 million of expenses, and all present anomalies, either in their award, or their execution, or both.

325. Some contracts for supplies or works were originally agreed by the entity which preceded UNIPSIL: the United Nations Integrated Office in Sierra Leone (UNIOSIL). Many of them have been extended by amendments, sometimes numerous and of questionable legality. For both these amendments and the new contracts agreed since the start of the year, the procurement rules were often circumvented. Irregularities included missing signatures, renewals outside the time limit, extensions above the maximum contract value, retroaction, curtailed consultation timescales, too few candidates. The Board was not able to track the payments made by UNIOSIL, but it seemed likely that when the terms of some contracts were extended without reassessing their maximum value, this would have led to the limit being exceeded illegitimately. In several instances, including those in the most recent period, services continued to be performed under contracts that had reached their term.

326. These facts constitute serious departures from the procurement rules of the United Nations. In addition, for large pre-existing procurement contracts, the amendments sometimes significantly increased the unit costs. There was therefore a risk that UNIPSIL was not obtaining services and supplies at the best price, particularly as its requirements had changed compared with those of UNIOSIL.

327. UNIPSIL has stressed the urgency with which some of the work was decided. The Office also explained that it had hardly any other option than extending contracts since it has no delegation of procurement authority and limited trained staff. The delegation of procurement authority was obtained on 23 September 2009.

328. While the Board acknowledges the general challenges faced by UNIPSIL and the conditions in which it discharges its mandate, the Board observed that the procurement actions undertaken before 23 September 2009 had no legal basis. The Office had other options than engaging in procurement actions directly. For instance, it could have relied on another United Nations entity in the region that had a delegation of procurement authority.

329. **The Board recommends that the Administration regularize on an ex post facto basis the procurement actions that UNIPSIL undertook before it obtained delegation of procurement authority.**

330. **The Board also recommends that the Administration ensure that UNIPSIL strictly adheres to the procurement rules of the United Nations.**

17. Non-expendable property management

331. Non-expendable property consists of property and equipment valued at $1,500 or more per unit at the time of purchase and with a serviceable life of five years or more. As disclosed in note 14 to the financial statements, the value of non-expendable property holdings as at 31 December 2009 amounted to $540.7 million, a 20.7 per cent increase from the previous period's balance of $447.9 million.

(a) Headquarters inventory

332. The rules regarding property management and inventory control state that each head of department or office shall ensure that a comprehensive physical inventory of supplies, equipment and other property of the United Nations is conducted every two years (ST/AI/2003/5, para. 3.6).

333. The Board reviewed the inventory conducted in 2009 at Headquarters. The Board noted discrepancies between the physical inventory and the amounts that were shown in note 14 to the financial statements of the United Nations ($179.7 million).

334. The Board observed that the inventory of goods at Headquarters was incomplete. Some items were found physically without any corresponding accounting record.

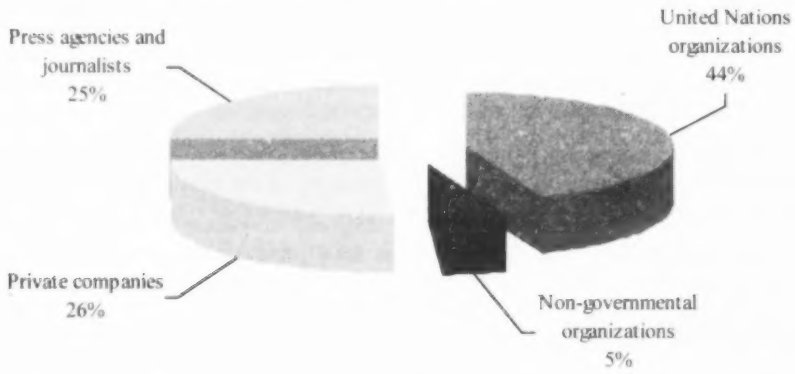
335. In addition, the Board reviewed the figures of the 2009 acquisitions and noted that the value of the acquisitions relating to the capital master plan was $8.8 million according to inventory data provided by the Facility Management Service. The same item amounted to $20.9 million according to the accounting data used for note 14 to the financial statements. The Administration explained that this discrepancy of $12.1 million was due to the fact that the value used for the financial statements was based on the aggregate value of non-expendable property assets acquired by the capital master plan, whose complete recording of the individual items in the property management database maintained by the Facilities Management Service was pending.

336. **The Board recommends that the Administration strengthen and expedite the reconciliation process between the physical inventory data and the accounting data relating to non-expendable property to ensure a fair valuation of those items in the notes to the financial statements.**

(b) Physical asset management at offices away from Headquarters

337. The United Nations Office at Geneva leased part of its premises (28,500 square metres) to various administrative and commercial entities in return for rent as shown in figure II.IV, for a total annual sum of $832,608 (2008).

Figure II.IV
Tenants of the United Nations Office at Geneva's premises



Source: United Nations Office at Geneva.

338. In the case of private companies, such as banks and travel agencies, premises were allocated following invitations to tender. As regards the Swiss postal service, an agreement in place since 1963 allowed it to occupy premises for free in exchange for services rendered to the United Nations.

339. For the United Nations Office at Geneva, the most sensitive aspect related to the press. Initially, only official press agencies occupied offices on a permanent basis. The withdrawal of these agencies has favoured the appearance of independent journalists who needed to occupy premises within the United Nations Office at Geneva. Three services were affected by the management of these premises reserved for the press: the United Nations Information Service, the Central Support Service and the Financial Resources Management Service. The former provided accreditation for journalists who wished to secure premises and sent the request for premises to the Central Support Service. The latter drafted the lease agreement and invoiced the tenant, then sent the invoice and agreement to the Financial Resources Management Service, which collected payment and, in return, informed the Central Support Service and the United Nations Information Service of the payments made to allow the latter to make recommendations for the extension of agreements. Thus, the United Nations Information Service could refuse to accredit a bad payer when an application to renew a lease agreement was made. Agreements were renewed each year depending on the numerous transactions that occurred each year. The renewal of lease agreements on an annual basis allowed a complete review of payments made and prevented an extended, irregular occupation of premises or occupation of premises that had not been settled.

340. This system could only function if there was perfect coordination between the three services involved. To avoid delays between the observation of a change in the individual situation of beneficiaries and its financial consequences or financial losses due to problems in communication between these three services, the appointment of one person to coordinate the action of these services and collect information and rent would be most appropriate.

341. **The Board recommends that the Administration ensure that the United Nations Office at Geneva appoints one person to manage premises owned by the United Nations that are leased out to third parties.**

342. The Palais des Nations has not been the subject of a comprehensive maintenance project since its construction, with the conference rooms in a particularly bad state. In addition to the renovation of the conference rooms, other work was required on electrical installations, elevators, new windows, insulation, the installation of new pipes to prevent water leaks from affecting the archives and the library, cracks in the external walls and structural repairs.

343. A request for a proposal was made in December 2001 for the maintenance and renovation of the buildings and technical installations of the Palais des Nations. This project was abandoned in June 2003 due to a lack of available funds.

344. After the buildings were flooded twice, the United Nations Office at Geneva decided to prepare an overall plan called the "master plan" in 2004 to identify urgent works and those for which plans would be drawn up in the medium term. Faced with an absence of funds, the plan remained as it was.

345. Despite repeated demands to Headquarters in New York, the United Nations Office at Geneva has not been able to obtain the funds required to finance

renovation works seen as urgent. In the context of the programme and budget submission for the biennium 2008-2009, the Secretary-General proposed a $12.2 million budget. The General Assembly eventually approved an appropriation in the amount of $12.7 million, after re-costing.

346. The Board had recommended that the United Nations Office at Geneva prepare a document that lists scheduled anticipated works together with a timetable within the framework of the "strategic heritage plan". This plan was presented to members of the Advisory Committee on Administrative and Budgetary Questions in July 2008.

347. In addition to its usual tasks, the Central Support Service of the Division of Administration of the United Nations Office at Geneva has been entrusted with the administrative (technical specifications and invitations to tender) and technical management (follow-up on works) of development in the area of security. Given the small number of staff (just one engineer), the Board was concerned about the ability of the Central Support Service to follow up on works of such magnitude.

348. **The Board recommends that the Administration: (a) put in place a governance structure for the United Nations Office at Geneva property renovation project that brings together the two United Nations headquarters in New York and Geneva; and (b) ensure that the United Nations Office at Geneva is provided with the staff members required to implement and follow up on programmed works.**

349. The Administration commented that the Secretary-General's detailed proposals with respect to the strategic heritage plan project had since been submitted to the General Assembly at its sixty-fourth session.

350. At the United Nations Office at Vienna, the Board found that the losses declared in 2008 relating to non-expendable property came to $432,954, of which $424,881 was for obsolescence, $4,465 for damage and $3,609 for theft. The United Nations Office at Vienna did not formalize its draft circular dated 8 February 2008 to describe the process for declaring losses on non-expendable property (the non-expendable property procedure). The Office declared that it applied the rules applicable at United Nations Headquarters as defined by administrative instruction ST/AI/2003/5 regarding property management and inventory control at United Nations Headquarters and ST/AI/2001/4 on disposal of computer equipment at United Nations Headquarters.

351. The Property Survey Board was properly renewed by the circular dated 27 March 2009, in line with rule 105.21 of the Financial Regulations and Rules of the United Nations. The Board examined all 143 items written off in 2008. A total of $175,783 for nine items purchased in 2006 was not submitted to the Property Survey Board although it was written off by the United Nations Office at Vienna. This was in breach of rule 105.22 of the Financial Regulations and Rules of the United Nations, which states that all property losses must be submitted to the Property Survey Board for consideration.

352. **The Board recommends that the Administration ensure that the United Nations Office at Vienna complies with United Nations financial rule 105.22 for handling property losses.**

(c) Physical asset management at field-based offices

353. The Board found many cases of non-compliance with physical asset management rules in field-based offices. The following findings, although not significant in financial terms, are typical of irregularities identified by the Board in many of its audits.

354. The value of non-expendable property of the United Nation Office for West Africa since its inception came to $922,804 as at 31 December 2008. Because of its size, the United Nation Office for West Africa had not established a minimum amount required in order to consider property as non-expendable.

355. The Board found the following with respect to the management of non-expendable property:

(a) The various storage locations housed equipment, both new and obsolete, which were not specifically identified;

(b) No physical inventory count was carried out, as already highlighted by OIOS; the United Nation Office for West Africa had simply carried out inventory-taking operations for accounting purposes on the basis of purchases; in addition, the office equipment inventory sheets were not signed by the staff responsible;

(c) The Local Equipment Control Committee, founded on 19 February 2009, had not yet met; one consequence was that the situation regarding obsolete, damaged or lost equipment that needed to be written off, the amount of which was $150,299 as at 31 December 2008, had remained unchanged for several years; this state of affairs was partly due to the fact that the Administrative Officer in charge of implementing the required procedures for this purpose was on extended leave from February 2009, which has meant that the delegation of authority with which s/he was vested has not been put into action.

356. **The Administration agreed with the Board's recommendation that it ensure that the United Nations Office for West Africa manages its non-expendable property in accordance with the relevant United Nations rules.**

357. At the International Research and Training Institute for the Advancement of Women (INSTRAW), the inventory report as at 1 January 2008 stated that the value of non-expendable property was $298,071. As part of its consolidated inventory report for the period to 31 December 2008, INSTRAW recorded the acquisition of items worth $33,549. The Institute also mentioned damaged and destroyed items worth $64,205 that were written off and sold items for $26,450 from the sale of a generator and a car. Thus, as at 31 December 2008, the value of non-expendable property owned by INSTRAW was $240,966, about 19 per cent less than at the beginning of the year.

358. The inventory report for the period to 31 December 2008, however, raised the following problems:

(a) The generator and car recorded as having been disposed and written off, worth a total of $26,450, in fact had not yet been sold;

(b) The Institute indicated that certain materials, property of the United Nations Stabilization Mission in Haiti (MINUSTAH) and present within the walls of the Institute, had been included in the inventory of the latter. This point could not be verified on reading said inventory, which does not specify the ownership of these

items; however, doubt exists as to the distinction between the inventory of the Institute and that of MINUSTAH, a situation that not only has accounting consequences (accuracy of information provided) but also consequences for management. Items entrusted by MINUSTAH to the Institute in fact required particularly close monitoring;

(c) Not all pages in the report had been signed by staff responsible for inventory and certified by the Director.

359. The Board is consequently of the view that the value of the inventory could not be considered a reliable figure.

360. **The Administration agreed with the Board's recommendation that it ensure that the International Research and Training Institute for the Advancement of Women: (a) improves the quality of its inventory so that it reflects the exact status of non-expendable property; (b) clarifies the situation of items in its possession that are the property of MINUSTAH so that they can be monitored separately.**

18. Human resources management

361. The Organization has embarked on one of the most important management reforms of the Secretariat in the recent period with a series of human resources initiatives on contractual arrangements, career management and information technology systems. These initiatives were too recent for the Board to examine their implementation and impact. However, the Board has extensively audited the implementation of the human resource policies before the reform across the Secretariat, with a focus on competencies management, training, and performance appraisal.

(a) Evaluation of the competencies and performance of staff

362. The Board found that the set of competencies currently used at the Secretariat was the product of an analysis that brought together the 24 Assistant Secretaries-General and Under-Secretaries-General and 17 working groups comprising officials of all levels who represented the different departments at the six duty stations in 1998-1999. It was formalized in Secretary-General's bulletin dated 13 October 1999 and entitled "Organizational Competencies for the Future" (ST/SGB/1999/15).

363. Since then, the Organization had experienced significant changes in terms of staff and missions, in particular as a result of the greater number of peacekeeping operations, but without changing the set of competencies. UNICEF, on the other hand, had decided to put in place an amended set of competencies on 1 January 2010, even though the current one dates back to 2002. Moreover, UNDP was putting in place a set of up-to-date competencies, whereas the one used until 2010 dated back to 2004. This indicates the need to change sets of competencies frequently.

364. In addition, "Behaviour indicators" used to support these competencies were often hardly distinguishable from one another, as emphasized by some human resources officials the Board interviewed. Examples of such blurred indicators include "giving subordinates a sense of responsibility", "monitoring professional conduct", and "leadership qualities", as well as "perspective" and "sureness of judgement/ability to make decisions", and even "ability to communicate".

365. The Board also found that technical expertise was not taken into consideration in a behaviour and management-based system. In addition, explanatory documents did not contain a definition of different levels for each competency that would allow staff to position themselves and better identify avenues for progress. UNICEF and UNDP, on the other hand, had made an opposite decision on these two points.

366. **The Board recommends that the Administration assess the need to update the set of competencies in order to:**

(a) **Adapt competencies to the current requirements of the Organization;**

(b) **Clarify the definition of competencies and levels;**

(c) **Introduce competencies in relation to technical expertise, apart from behavioural and managerial competencies.**

367. The Administration selects candidates for a position by examining résumés and conducting interviews to ensure that the candidates' qualities are in line with the expectations of the United Nations. In order to ensure that this is indeed the case, the United Nations has held competency-based recruitment interviews since 1999. To achieve this objective, the Office of Human Resources Management has provided a two-day training programme on this technique to members of recruitment panels.

368. A number of measures have been taken to address poor participation in this programme: a reduction in the duration of the programme to one day for confirmed managers (P- and D-levels) in 2005, a decision to make participation in the programme mandatory, monitoring of participation rates in the Human Resources Action Plan for 2006 and two reminders of its status as a mandatory requirement in 2006 and 2007.

369. Despite several efforts by the Office of Human Resources Management, participation in competency appraisal training among members of recruitment panels at the end of 2008 was disappointing: an average of 52 per cent in the Secretariat participated in this training, compared with an objective of 80 per cent.

370. In addition, there was no appraisal by the Office of Human Resources Management of the relevance of competencies criteria used by recruitment panels, the professionalism of recruitment staff, on the organization or composition of the panels themselves. As a consequence, the Office of Human Resources Management did not know whether the competency-based interview functions well.

371. Some of the officials the Board interviewed regretted the fact that the technical competencies acquired through training and professional experience were at no point appraised during face-to-face interviews. Others, meanwhile, even went so far as to assert that only the appraisal of professional competencies was really necessary. In short, some who recognized the importance of ensuring that a candidate is well suited to United Nations culture cast doubt over the need to provide training to staff in place. According to these officials, it was possible for current staff to quickly master the competency-based recruitment interview technique by reading the Office of Human Resources Management document on competencies and participating on a recruitment panel. On the other hand, they considered it of use for new arrivals.

372. **The Administration agreed with the Board's recommendation that it appraise the functioning of recruitment panels and review the features of the**

training in competency-based recruitment (obligation to attend, duration and content).

373. Regulations in force (para. 6.2 of administrative instruction ST/AI/2002/3 on the Performance Appraisal System) state that the staff member and the first reporting officer choose from the core competencies and, where appropriate, managerial competencies as defined in Secretary-General's bulletin ST/SGB/1999/15 that best correspond to the post occupied.

374. Based on the sample reviewed, the Board found that all appraisals included the assessment of all fundamental values of the United Nations, in accordance with the recommendations made in the above-mentioned bulletin. On the other hand, a detailed analysis of the appraisals reveals that core competencies were appraised in different ways. For management staff (D-level), the competencies most frequently appraised were "concern for the client" and "ability to plan and organize" (71.4 per cent of the sample). The competencies appraised least were "creativity", "openness to technology" (28.6 per cent each) and in the area of management, "monitoring professional conduct" (28.6 per cent). Among P-level staff, "team spirit", "ability to communicate" and "ability to plan and organize" were appraised in all cases. The competency appraised least was the "monitoring of professional conduct" (34.6 per cent). In the case of General Service staff, "team spirit" was appraised in almost all cases, as was "ability to communicate" (88.6 per cent). Other competencies were appraised in a uniform manner with the exception of "creativity", which was only appraised in 42 per cent of cases.

375. Across all levels, "creativity" and "monitoring professional conduct" were among the competencies appraised least. Paragraph 6.2 (b) of the above-mentioned administrative instruction, however, insists on the need to appraise the ability of all staff members who occupy a management or supervisory role to "monitor professional conduct" and to provide an account of how they implement the performance appraisal system (PAS). This final requirement was only rarely met by staff in the sample in question (D- and P-levels).

376. These observations tend to indicate that administrative instruction ST/AI/2002/3 was unevenly implemented throughout the Secretariat.

377. **The Board recommends that the Administration ensure that all officials likely to appraise staff receive adequate training to this end, and that all other staff be given a general presentation on the appraisal interview.**

(b) Training

378. The training budget of the Secretariat drawn from the regular budget for the 2008-2009 biennium stood at $19.8 million, as against $24 million for the previous biennium, a decrease of $4.2 million, or 17.5 per cent. In fact, the 2008-2009 budget could not be compared with the two previous bienniums. In the 2006-2007 biennium, the budget for training included wages of full-time and part-time teachers. However, in the 2008-2009 biennium, the budget for training excluded wages of full-time teachers. All else remaining equal (i.e., excluding the wages of full-time language teachers from training expenditure), the budget for 2008-2009 decreased by 3.9 per cent compared with the previous biennium.

379. The budget was broken down according to training programme as shown in table II.7.

Table II.7
Breakdown of the training budget for the biennium 2008-2009
(Thousands of United States dollars)

Item	*Amount*
Information technology training	4 517.1
Substantive skills	6 301.3
Total upgrading skills	**10 818.4**
Other training budget	8 548.5
Total training budget	**19 366.9**
Budget on temporary staff	441.8
Grand total	**19 808.7**
Allocated to the Office of Human Resources Management	14 531.2
Allocated to other departments[a]	4 835.7

Source: Office of Human Resources Management.
[a] Excluding budget related to temporary staff.

380. Expenditure that appeared in the budget does not provide an accurate picture of training costs, since it included neither expenditure on instructors paid by the Secretariat (including full-time language teachers), training management staff (except for temporary logistics staff) nor, in particular, the wages of staff in training. As a result, it was difficult to attach any significance to comparisons of training expenditure within other organizations without knowledge of the nature of expenditure included. Moreover, the current integrated management information system (IMIS) could not provide information of training costs according to the nature of expenditure: wages, technical costs, consultants, training bodies, other expenditure (travel, premises and miscellaneous costs).

381. Training expenditure was financed not only out of the regular budget but also, for some departments within the Secretariat (in particular, the Office for the Coordination of Humanitarian Affairs), out of extrabudgetary resources.

382. The Office of Human Resources Management was not aware of the amount or destination of training expenditure financed by extrabudgetary resources. Therefore, no assurances could be given that this expenditure was not duplicating expenditure financed by the Office. Moreover, the absence of exhaustive and adequate financial information meant that it was difficult to envisage a global training policy.

383. **The Board recommends that the Administration assess its total training expenditure, irrespective of the nature of this expenditure and the origin of the corresponding resources.**

384. The Board found that in many offices of the Secretariat and related entities, the monitoring of training efforts, especially as far as mandatory training and training needs assessments were concerned, was inadequate. Instances of such shortcomings are given in the following paragraphs.

385. At the Department of Public Information, the Board noted that the two strictly mandatory training modules relative to ethical principles and integrity on the one hand, and to abuse of authority and sexual harassment on the other, had a very low rate of accomplishment (respectively, 9.1 per cent and 18.1 per cent of staff), while the importance of the objective, set at 100 per cent, was regularly recalled and was included in the senior manager's compact of the Under-Secretary-General for Public Information. This situation was partly due to the fact that these mandatory training modules were essentially provided on the Intranet; besides, the Office of Human Resources Management offered a learning and development website. However, several field posts did not have access to the Intranet.

386. The Board found that the management of the Department of Public Information, in the absence of statutory incentives, did not exert enough pressure on the staff for them to follow the training modules, which were not very inconvenient in terms of time consumed. In particular, there was no specific programming or time imposed to satisfy the obligation.

387. **The Board recommends that the Administration draw up a schedule by which the staff members who have not taken the mandatory training programmes be obliged to do so in a close time limit (one year or 18 months), and that the effective implementation be verified.**

388. The Board found that the Department of Public Information did not have formalized material indicating the training strategy of the Department, nor an overall ex post analysis of the results obtained both for the staff members and for the services.

389. This same lack of training strategy and/or of an assessment of the training needs of the staff was also detected by the Board at the United Nation Office for West Africa, ECA and the United Nations Military Observer Group in India and Pakistan.

390. **The Board recommends that the Administration ensure that all departments and offices draw up and document a medium- and short-term staff training strategy that would identify needs and objectives, and carry out a qualitative analysis of the results obtained.**

(c) Surveys on the best prevailing conditions of service observed in headquarters and non-headquarters duty stations

391. In the United Nations system, the salaries of locally recruited staff belonging to the General Service category and related categories ought to compare advantageously with the best prevailing conditions of service practised for each duty station. This concept is known as the "Flemming principle".

392. Article 11 of the statute of the International Civil Service Commission (ICSC) provides that it shall establish "(a) the methods by which the principles for determining conditions of service should be applied". Article 12(1) specifies that: "At the headquarters duty stations and such other duty stations as may from time to time be added at the request of the Administrative Committee on Co-ordination, the Commission shall establish the relevant facts for, and make recommendations as to, the salary scales of staff in the General Service and other locally recruited categories."

393. In accordance with the Flemming principle, salaries and other conditions of service for General Service staff were established by means of surveys of employers reputed to have the best conditions of service.

394. ICSC had drawn up two methodologies concerning, respectively, headquarters locations (Geneva, London, Madrid, Montreal, New York, Paris, Rome and Vienna) and other non-headquarters locations. For the former, surveys were carried out by the Commission, whereas in the latter case, they were delegated to the organizations, principally of the United Nations.

395. The salary survey manual published by the ICSC secretariat in December 1998 stipulated that surveys in headquarters locations shall take place every five years for a duration of one month. They were entrusted to local salary survey commissions composed equally of representatives from the organizations and staff unions under the direction of the ICSC secretariat.

396. Six series of surveys were carried out over the following periods: 1977-1981, 1982-1987, 1988-1991, 1993-1996, 1998-2002 and 2004-2008 concerning local employers. Each survey must cover a minimum of 20 firms with a workforce of at least 100 employees exercising functions at levels identical to those of the General Service and in categories covered by the salary scale of the local organization. A target of 60 per cent continuity was set, meaning that 60 per cent of employers used in the survey should be included in the following survey.

397. During the most recent campaign (2004-2008), survey completion times were very often far greater than the predicted deadlines, especially in larger cities. Delays increased between the beginning and the end of the campaign, as listed in table II.8.

Table II.8
Delays in carrying out surveys on the best prevailing conditions of service

Headquarters location	*Start date*	*Predicted end date*	*Actual end date*	*Gap*
Madrid	01/04/04	30/04/04	30/04/04	—
Paris	01/10/04	31/10/04	20/10/04	—
Montreal	01/04/05	30/04/05	12/05/05	12 days
Rome	01/11/05	30/11/05	28/02/06	3 months
New York	01/11/05	30/11/05	31/07/06	8 months
Geneva	01/03/06	31/03/06	31/07/07	1 year and 4 months
London	01/11/06	30/11/06	31/07/07	8 months
Vienna	01/11/07	30/11/07	31/07/08	8 months

Source: International Civil Service Commission.

398. The delays were mainly due to the growing reticence of employers to participate in the surveys, as illustrated in the case of London, the only city for which the Board was provided with exhaustive data, as shown in table II.9.

Table II.9
Panel of businesses used for the survey on the best prevailing conditions of service in London

Lists of businesses	*Planned participants*	*Participants surveyed*
Main list	23	11
Standby list	30	5
Additional list	24	4
Total	**77**	**20**

Source: International Civil Service Commission.

399. According to the Commission, employers' refusal to participate was motivated by their increasing lack of interest in United Nations surveys due to the increase in studies carried out by private consultants who were perceived as more thorough, more relevant, more confidential and less time-consuming. For New York and London, employers also cited safe harbour laws restricting the disclosure of salaries.

400. Besides the delays noted in carrying out surveys, the reticence of employers could alter the representativeness of the panel. The investigators should then be forced to resort to an additional list, since the standby list proved to be insufficient in the cases of New York and London. This could ultimately call into question the completeness of the information provided and even the accomplishment of the surveys. For these reasons, the system could quickly reach its limits.

401. For this reason, the Commission's 2008 report indicated that it had set up a Working Group responsible for "analysing in depth the problems encountered ... taking into account the difficulties encountered concerning the participation of employers from the private sector during the data collection phase, and reviewing means of obtaining required data from external sources".

402. **The Board recommends that, considering the increasing reticence of employers from the private sector to supply data pertinent to the conditions of service of their staff, ICSC review its means of obtaining those data.**

(d) Human resources of the International Court of Justice

403. The International Court of Justice, the principal judicial organ of the United Nations, operates in accordance with a Statute, which is an integral part of the Charter of the United Nations. This Statute is completed by the Rules of the Court, the most recent version of which was adopted on 14 April 1978 and entered into force on 1 July 1978.

404. In application of the Rules of Court, "Instructions for the Registry" were drawn up in 1946, before being amended in March 1947 and again in September 1949. These Instructions, which consist of 74 articles, specify the status of the Registrar, who "is responsible for all departments of the Registry" and has "the staff ... under his control and ... alone is authorized to direct the work of the Registry of which he is the Head" (article 1), as well as the Registrar's duties, particularly as regards judicial and financial matters but also as regards the recruitment of temporary staff (article 4). The remainder of the Instructions for the

Registry mainly sets out the mandate and conditions for appointment of the officials of the Registry.

405. Some of these provisions partially duplicated the provisions of the Staff Regulations for the Registry. This was true of article 4 of the Instructions, according to which "the Registrar will make arrangements for the engagement of temporary staff", echoing article 5(2) of the Staff Regulations, which stipulates that "appointments of short-term staff shall be made by the Registrar". This was also true of article 41, which gives the Registrar responsibility for ensuring the observance of Article 105 of the Charter of the United Nations, while article 4 of the Staff Regulations stipulates that the "privileges and immunities deriving from Article 105 of the Charter of the United Nations ... are conferred in the interests of the Court" and that "in any case where these privileges and immunities arise, the staff member shall immediately report to the Registrar".

406. The Instructions for the Registry included references to provisions no longer in force. Article 39 thereof, on the appointment of the Deputy-Registrar and other permanent members of the Registry, refers to articles 14 and 17 of the old Rules of Court, since amended, and article 40 also referred to article 15 of the same Rules.

407. The list of duties of certain heads of department, such as the Archivist of the Court, and the members of staff in charge of indexing, printing and documentation, has not been updated since 1949 and therefore does not take account of the technological developments, particularly computer-related developments, which have affected these departments and now dictate their everyday activities.

408. The Court informed the Board that it set out a plan to undertake a comprehensive review of all the Instructions for the Registry, and could take the opportunity offered by this comprehensive review to consider the amendments and updates made necessary by the observations made above.

409. **The Court agreed with the Board's recommendation that it consider the revision of the statutory aspects of the Instructions for the Registry.**

410. The Staff Regulations for the Registry provided for in article 28.4 of the Rules of Court were approved by the Court on 7 March 1979 and amended on 19 November 1987, 11 July 1996, 16 April 1997, 5 December 2000, 24 September 2002 and 19 May 2006. They consist of 16 articles and six annexes.

411. The Board noted a risk of profound and lasting discrepancies between the Staff Regulations for the Registry and the United Nations Staff Regulations and Rules that inspired them and to which they refer.

412. The current situation, following the entry into force on 1 July 2009 of the new United Nations Staff Regulations and the new provisional Staff Rules, is particularly worrying because the new Staff Rules include a new numbering system for rules that were in the old 100 Series of the Staff Rules, repealed on 1 July 2009. So annex II to the Staff Regulations for the Registry of the Court, which still refers to a list of rules in the old 100 Series, refers in reality to rules that are either null and void or at best have been renumbered. The new Staff Rules introduce a new system of contracts defined in rules 4.11 onwards, which entered into force on 1 July 2009; however, contracts entered into since that date to recruit staff to the Registry of the Court have not been drawn up under that system.

413. **The Court agreed with the Board's recommendation that it update the Staff Regulations for its Registry.**

19. Consultants, experts and temporary assistance

414. The Board almost systematically included the review of the recourse to consultants, experts and temporary assistance, in its various audits and found many irregularities, in particular with respect to administrative instruction ST/AI/1999/7 of 25 August 1999 on consultants and individual contractors.

415. At ECA, the Board noted that the operational and budgetary justification for hiring consultants as well as the process for handling contracts for consultants, from recruitment to evaluation, were the exclusive responsibility of substantive divisions and/or subregional offices within the framework of their delegation of financial authority. The controls exercised by both the Office of Strategic Planning and Programme Management and the Human Resources Services Section of the Division of Administration were ex post facto controls of requested budgets and regulatory conditions of recruitment. In this respect, at the moment of recruitment and the presentation of the candidate selected by the division, the intervention of the Human Resources Services Section was limited essentially to an appraisal of three candidates and compatibility in terms of remuneration in relation to the declared competences of the candidate. Under certain circumstances, the Human Resources Services Section could request documentary evidence from the substantive divisions, in particular when the files were incomplete.

416. The substantive division had to indicate on the recruitment form if hiring a consultant represented useless repetition of a permanent post within the Commission; if so, it had to provide reasons for its decision. In this respect, the Board found that the Human Resources Services Section's exercise of control was essentially a formality. Thus, in at least one case, the division declared that it had indeed doubled up on staff but the fact that it did not provide reasons for its decision to do so did not prevent the consultant from being hired.

417. In terms of appraisal, the Human Resources Services Section rarely had in its files the evaluation forms (P106/A) provided for in paragraph 5.13 of administrative instruction ST/AI/1999/7. The Commission explained that the forms were sent directly by the requesting divisions to the finance section for final payment.

418. Based on the selection of the larger sums disbursed in remunerations in the last two years (close to $400,000), evaluation sheets indicate that 43 per cent of persons evaluated were rated as "excellent", while another 43 per cent were rated as "good". The remaining consultants were rated as "satisfactory".

419. The Board found that 28 per cent of evaluation sheets were not dated; there was no provision for the consultant to sign them. In addition to the global quotation on individual performance, the evaluation sheet template stipulates that appraisals be conducted and detailed in relation to the quality of work done, results achieved (descriptions of material elements produced) and skills demonstrated in the post. Evaluation sheets of consultants rated "excellent" were completed and contained a detailed description of criteria used, while those of consultants rated "good" or "satisfactory" contained no further details.

420. **The Board recommends that the Administration ensure that the Economic Commission for Africa exercises strengthened control over its management of**

consultants and strictly complies with the relevant rules of the Organization on this matter.

421. In its report on the proposed programme budget for the biennium 2006-2007 (A/60/7, para. IV.37), the Advisory Committee on Administrative and Budgetary Questions had stated that it expected UNCTAD to pay strict attention to the guidelines for the use of consultants and experts. UNCTAD had responded that it had provided its managers with the guidelines, procedures and principles concerning the use of consultants and had set about ensuring strict compliance with them. In practice, these recommendations were complied with to the letter, although in some cases the spirit of and objectives pursued by these procedures appear to have been lost.

422. The Board noted that in 2008, expenditure on consultants was $4.86 million, to which could be added travel expenses for consultants, which amounted to $0.85 million, bringing the total cost of consultants for 2008 to $5.71 million.

423. Since July 1990, UNCTAD has had full delegation of authority for management of consultants and individual contractors (memorandum of 4 July 1990 from the Director-General of the United Nations Office at Geneva to the Secretary-General of UNCTAD). Three full-time personnel had been assigned to that area. Considering the number of consultancy contracts together with individual contractors and national consultants (a total of 551 operations in 2008, according to the internal database of the Human Resources Management Section of UNCTAD), the average time spent on each contract was six hours.

424. Some project managers developed good practices for selecting consultants, such as advertising planned consultancies at the launch of a project and contacts with professional associations in order to obtain the résumés of potential consultants who could be contacted throughout the duration of the project. Selection of consultants was done by interview panels comprising three UNCTAD personnel, which also provided for a more harmonized vision of the level of payment to be proposed. Some project managers had also developed their own databases to monitor the duration of employment of consultants in order to comply with rules set by the United Nations. The Board was concerned that these practices were not common to all UNCTAD project managers.

425. **The Board recommends that the United Nations Conference on Trade and Development take measures to better manage expenditure on consultants by: (a) making sure that all project managers are informed of the good practices developed; and (b) creating a common consultants database.**

20. Information technology

426. As part of its audit of the Central Planning and Coordination Service of the Department for General Assembly and Conference Management, the Board noted that E-Meets, which is a common online meeting management application, had existed in each conference service of the Secretariat since 2003. Independent developments and different practices have led to enhancements to this application in New York, Geneva, Vienna and Nairobi.

427. The Department for General Assembly and Conference Management had established an integrated Conference Management System (iCMS) and an information technology steering committee in 2006 that served as the framework for

the development of three information systems (projects 1, 2 and 3). One of the objectives of this approach was to achieve the implementation of a meeting management application shared throughout all the Organization's conference services (project 2 of iCMS).

428. This project, led by the United Nations Office at Vienna, was in the prototype stage, and was called "Carbon". In the report on the pattern of conferences submitted to the General Assembly at its sixty-fourth session (A/64/136, para. 10 (b)), the Department explained that: "Project 2 ... led by the United Nations Office at Vienna, has advanced considerably. The project is already largely operational in Vienna and is on track to be launched at all duty stations before the end of 2009". This position was confirmed by the presentation of the Secretary-General's report on the pattern of conferences to the Fifth Committee on 16 October 2009.

429. The Board attended a meeting on 6 November 2009 to introduce the users from the Central Planning and Coordination Service to this prototype. During this presentation, the actual date of implementation of the product remained approximate (January 2010, first quarter 2010).

430. The Board asked the Department for General Assembly and Conference Management to provide the official schedule of implementation of this tool, but was not able to obtain this information. Many modules remained to be finalized and a large number of users inside and outside the Organization must first be trained.

431. Accordingly, the date for implementing this new tool, as presented in the report on the pattern of conferences, looked particularly ambitious.

432. **The Administration agreed with the Board's recommendation that it establish a realistic schedule for the implementation of its "Carbon" project.**

433. Progress had been made with the "Carbon" prototype in the context of the integrated Conference Management System. The Board noted that the interface with the computerized interpreters assignment programme would be operational and was planned to facilitate the allocation of resources for the Department for General Assembly and Conference Management. Furthermore, the development of the future web environment tool was expected to facilitate and secure access to the conference services by institutional clients, including permanent missions and intergovernmental bodies.

434. However, the link between this new tool and the information technology systems at the Office of Central Support Services to set up logistics such as video projectors, audio and video equipment was not provided.

435. The Board also found a lack of interface with the future enterprise resource planning system of the Secretariat (Umoja), thus depriving the future software of any analysis and any financial projections in the context of true meeting management cost accounting.

436. The Department for General Assembly and Conference Management reminded the Board that Umoja was expected to be deployed only in 2013 and was only at the preliminary design phase. The Board was, however, of the view that by further delaying the expression of its needs, the Department would jeopardize the optimal interfacing of "Carbon" with Umoja.

437. **The Administration agreed with the Board's recommendation that it take appropriate measures to ensure that the "Carbon" project is interfaced with Umoja.**

438. The Board audited the recently integrated Office of the United Nations Ombudsman and Mediation Services. Part of this audit consisted in assessing the performance of the Office in terms of data collection and analysis.

439. The Board found that one indicator of achievement set in the programme budget of the Office was the number of disputes requiring the services of the Office of the Ombudsman and which it had helped resolve: calculation of the result was based on registration of the request in the Office's confidential database.

440. Examination of this indicator by a third party outside the Office was particularly difficult given that strictly confidential access to the database was exclusively reserved to the officer-in-charge of entering requests. According to data given by the Office, the total figures for intervention had stagnated and even decreased for the year, with a small increase in cases handled by the Office of the United Nations Ombudsman since 2005.

441. When geographic origin of the request was taken into account, a definite increase could be seen in requests from field offices and areas of peacekeeping operations; these changes confirmed the need to make the field offices rapidly operational for the regional Ombudsmen recruited at the end of 2009.

442. When considering cases by type of problem for the Office, the comparison between 2007 and 2008 was not possible because the activity report submitted in August 2008 covered the period from 1 August 2007 to 31 July 2008, while the report dated August 2009 covered 2008.

443. The same data for the other ombudsmen concerned only 2008 and for that reason, a proper comparison could not be made. There was, however, a similarity in the distribution of the cases handled by the different ombudsmen.

444. The various statistics included in the last two activity reports submitted to the General Assembly (A/63/283 and A/64/314) were presumed to serve as support for the indicators of achievement adopted for the programme budget (A/62/6 (Sect. 1) and A/64/6 (Sect. 1)). The benefits of merging the Office of the United Nations Ombudsman and Mediation Services could be measured using these indicators. The Board nevertheless noticed that the statistics provided by the various ombudsman services that were merged were heterogeneous. As a consequence, their combination was hardly achievable.

445. **The Administration agreed with the Board's recommendation that it ensure that the Office of the United Nations Ombudsman and Mediation Services gathers statistical measurements in the same manner in all services and that these measurements are handled in annual activity reports in the same format to reflect actual changes and to allow year-over-year comparisons.**

446. Another indicator of achievement in the programme budget of the Office concerned cases addressed and action taken within 30 days. Measurement of results reached 100 per cent for both 2004-2005 and 2006-2007; the objective for 2008-2009 was also 100 per cent.

447. Verification of the accuracy of this indicator of achievement and the other one mentioned above was impossible because measurement was done entirely by the Office and remained inaccessible to a third party owing to confidentiality imperatives. The Board is, however, of the view that there are ways to ensure that the activity and performance of the Office can be checked externally while preserving the confidentiality of the cases — for instance, through automated reports directly generated from the database of the Office. Statistics on activity and performance that cannot be audited are of limited value.

448. In addition, the report on the activities of the Ombudsman for 2007-2008 stated that, "Substantial attention will need to be directed at ensuring consistency in practices and principles within this expanded system ... strict evaluation and monitoring mechanisms will be included in a comprehensive evaluation plan for the next five-year period" (A/63/283, para. 82). In the same report, the Office stated that it "has developed a joint intake form" (ibid., para. 63), a preliminary and necessary step towards standardizing and harmonizing the databases of the different ombudsmen.

449. **The Administration agreed with the Board's recommendation that it ensure that the Office of the United Nations Ombudsman and Mediation Services guarantee, while drawing up its new tracking mechanisms, that the data used to measure the activity and performance of the Office are auditable, while preserving confidentiality.**

21. Internal audit function

450. In its previous report, the Board had found that the risk-based approach of the Internal Audit Division of the Office of Internal Oversight Services was incomplete. It was not fully applied to the planning of assignments and to the drafting and management of recommendations. The Board had therefore recommended that the Internal Audit Division further develop its risk-based approach with respect to the management of its work programme, the connection between the risk analysis and internal controls, and the follow-up procedures for the recommendations made.

451. The Advisory Committee on Administrative and Budgetary Questions encouraged the Board to continue to follow up on this matter (A/63/474, para. 34).

452. The Board noted that the risk-based approach has been further developed, inter alia, through the support of the Professional Practices Section of the Division. OIOS extended the scope of its risk assessment of entities of the Secretariat. The workplan for 2009 established stronger linkages between the risks described in the risk registers and the audit assignments. Additionally, the format of the audit reports has been amended to reflect the linkage of each recommendation to the risk category, and to also provide a rating of the residual risk based on the audit's assessment of internal controls. The coding of recommendations for follow-up through the information technology system has also been aligned to the risk ratings used by the Division.

453. Nevertheless, the Board observed that the Division had not completed the risk assessments of all the entities in the United Nations portfolio. In particular, the risks of such major entities as the International Court of Justice, several regional commissions and the Executive Office of the Secretary-General had not been assessed at the end of the biennium 2008-2009.

454. **The Board recommends that the Office of Internal Oversight Services expedite the completion of its risk assessments of all the entities over which it has authority.**

455. In its previous report, the Board had commented on the completion rate of audit assignments by the Internal Audit Division of OIOS, which was standing at below 50 per cent for the years 2006 and 2007. This rate reportedly increased to 71.9 per cent in 2008 and 72.5 per cent in 2009. While this was indicative of a positive trend, there was still room for improvement. Further progress was hampered, inter alia, by a high rate of vacancy, as also underlined by the Independent Advisory Audit Committee in one of its recent reports (A/63/737). Of the 273 posts of the Internal Audit Division, 57 (21 per cent) were indeed vacant as at 31 December 2009. The vacancy rate was particularly high in the Geneva (31 per cent) and Nairobi (50 per cent) offices.

456. **The Board recommends that the Office of Internal Oversight Services further increase its completion rate of audit assignments, inter alia, by reducing the rate of vacancy of its posts.**

22. Internal audit findings

457. Some of the key findings contained in the reports of the Office of Internal Oversight Services for the period from 1 January 2008 to 31 December 2009 are detailed in the following paragraphs.

(a) Special political missions

458. Upon its audit of the United Nations Peacebuilding Support Office in the Central African Republic (BONUCA), OIOS found that weaknesses in the governance structure and administrative operations of BONUCA, and a lack of management oversight and monitoring contributed to a weakened control environment and placed the mission's resources at risk of fraud, waste and mismanagement. No accountability mechanisms were in place, and there were complaints that management had overruled procedures established to strengthen controls and retaliated against staff who exposed potential fraud. There were no standardized methodologies to facilitate capacity-building activities, or induction/orientation training for new staff. In addition, the lack of a career development programme and national staff's lack of awareness of United Nations Staff Regulations and Rules resulted in low morale, misunderstanding and tension between national and international staff in the mission. The controls over financial operations were also deficient, resulting in erroneous payroll payments, unreconciled bank statements, long outstanding receivables and overpayments.

459. At the United Nations Peacebuilding Support Office in Guinea-Bissau (UNOGBIS), OIOS found that the Office staff encountered significant internal challenges such as interpersonal conflicts, poor management and a stressful work environment, which undermined performance, adversely impacted on the effective accomplishment of the mandate and negatively affected staff morale in the mission. In addition, there was a need to clarify roles and responsibilities between the United Nations Country Team and UNOGBIS regarding communication with Headquarters and the host government. UNOGBIS staff also had insufficient knowledge of United Nations core competencies, ethics, the code of conduct and procedures for

disciplinary matters and grievances; training and career development for UNOGBIS staff were inadequate.

460. At the United Nations Assistance Mission in Afghanistan (UNAMA), OIOS found that there was a lack of appropriate expertise and strategy to ensure the effectiveness of the support for the electoral process. The Electoral Support Unit was not stable and therefore could not be considered to be effective. Due to the lack of a workplan, the Unit appeared to be deprived of a clear direction.

(b) Trust funds

461. OIOS examined the management of trust funds supporting the Office for the Coordination of Humanitarian Affairs and concluded that the Office should: (a) prepare a consolidated cash flow statement and submit it on a quarterly basis to its senior management to ensure adequate financial planning, cash flow management and equitable allocation of funds; and (b) design and enhance the template for the cash flow statement that would allow for an accurate cash position of the trust funds.

462. OIOS also recommended that the Office for the Coordination of Humanitarian Affairs ensure a proper resolution of dormant account balances for redeployment by: (a) closing its internal accounts and redeploying the balances for programming purposes; (b) developing a donor strategy to secure the alternative use of unspent contributions; (c) taking steps to close the balances in respect of the residual funds transferred from New York; and (d) transferring the pre-IMIS account balances to an internal account for programming purposes.

463. Upon its review of the Central Emergency Response Fund (CERF), OIOS found weaknesses in the financial management of the Fund. The roles of the parties involved in the project proposal review and approval process had not been fully clarified and might be redundant in some instances. In addition, the Office for the Coordination of Humanitarian Affairs did not have the in-house capacity required to monitor the utilization of CERF funds. Matters referred by the Office for the Coordination of Humanitarian Affairs to the Office of Programme Planning, Budget and Accounts for resolution were not attended to in a timely manner. In this regard, OIOS recommended the Fund to: (a) clearly assign responsibilities for financial review of the utilization of funds between the Office of Programme Planning, Budget and Accounts and the Office for the Coordination of Humanitarian Affairs; and (b) streamline the budgeting, accounting and reporting frameworks in order to clarify accountability and obtain a clear and accurate picture of how agencies were spending CERF funds.

(c) Procurement and contract management

464. The audit by OIOS of the overall procurement management in the Secretariat revealed that 85 per cent of actions for procurement reform had been implemented. Significant progress had been made in training staff involved in procurement activities and in updating the Procurement Manual and the procurement website. The Procurement Division had also emphasized ethics and integrity to its staff, all of whom were in compliance with the financial disclosure requirements. In addition, the OIOS survey of various stakeholders in the procurement process indicated general satisfaction with the performance of the Procurement Division.

465. Certain critical reforms, however, still needed to be implemented, including the procurement governance structure, the bid protest system, the enterprise resource planning system and the ethics guidelines.

466. OIOS found that there was a lack of a defined comprehensive procurement strategy despite the strong increase in the overall annual procurement value. Furthermore, the governance structure for field mission procurement was unclear which had led to inadequate monitoring of field procurement. The Procurement Division also had not developed key performance indicators to compare efficiency over time; reporting to management on overall performance results, trends, exceptions and challenges was lacking. In addition, the Division had not developed procedures to monitor, query and analyse procurement data to identify potential risks and cases of non-compliance with United Nations rules and regulations.

(d) Information and communication technology

467. While examining the information and communications technology strategic systems planning and organization, OIOS found that the governance structure of information and communications technology operations was not adequate to ensure that the replacement of IMIS and other legacy systems by Umoja was carried out effectively and efficiently. OIOS was concerned that Umoja may consequently not be based on a comprehensive analysis and redesign of the Secretariat's business processes.

468. In its horizontal audit of data privacy in the Secretariat, OIOS found that the Administration had not established sufficient controls to ensure the privacy of personal data. In addition, since no data classification scheme had been implemented, the Organization was unable to consistently determine the controls to be put in place to protect sensitive information. These conditions exposed the Secretariat to the risks of breach of confidentiality, and failure to protect the privacy of personal data.

469. In its audit of the relocation of the primary data centre of the United Nations Headquarters, OIOS found that there was a lack of planning and coordination, which led to significant deficiencies in the project. While acknowledging the difficulties experienced by the Office of Information and Communication Technology in adjusting plans due to changing circumstances and dependencies relating to the capital master plan, OIOS revealed that project definition, scheduling and budget processes were inadequate. The delay in developing the business case led to inadequate requirement specifications. In addition, infrastructure was weak.

(e) Transportation and travel management

470. In its review of the contract between the United Nations and the American Express Travel Related Services Company Inc. for the provision of travel management services, OIOS could not obtain reasonable assurance that this contract was in the best interests of the Organization. The transparency and integrity of the procurement process were seriously compromised, and there was a lack of adequate control over the contract's implementation, which rendered the contract's provision for cost containment ineffective. Moreover, the Department of Management did not take advantage of opportunities for cost savings by making increased use of online travel reservations and implementing a contract for travel payment services.

471. In its audit of the exceptions authorized within the framework of standards of accommodation for air travel, OIOS found that there was a lack of clarity as to who was delegated to exercise the authority granted by the General Assembly to the Secretary-General for making exceptions. In practice, this authority had been permanently delegated to the Under-Secretary-General for Management, but there was no formal delegation to that effect. In addition, various officials in the Department of Management had been making decisions on approvals of exceptions over the previous six years.

472. OIOS also found that there was a lack of comprehensive coverage and possible underreporting of exceptions to the General Assembly. The use of certain categories of exceptions was also questionable. In particular, there was a lack of clarity and consistency with regard to the definitions of "prominent person" and "eminent person", which may have resulted in unnecessary expense to the Organization.

23. Transportation and travel management

473. At the Economic Commission for Latin America and the Caribbean, the Board noted that 28 travel forms were used as a sample (10 forms for ECLAC staff, 9 for ECLAC consultants and 9 for other travel categories).

474. There was a significant difference between the price of an airline ticket when a travel request was first made and the price of the ticket when the request was approved and the travel completed. The 28 forms used in the sample revealed a difference of $188 in the case of four tickets. Therefore, the Board broadened its request in order to get a more accurate idea of the total difference. The total difference for all travel between the initial and the final fares during the biennium was $509,467.

475. One of the reasons for this difference was that in many cases, administrative procedures to verify and authorize travel for staff and consultants led to delays in the purchase of tickets and, as a result, additional costs.

476. **The Administration agreed with the Board's recommendation that it ensure that the Economic Commission for Latin America and the Caribbean examines ways of reducing the time lag of the administrative travel authorization procedures so as to optimize the costs of flight tickets.**

24. Inter-agency coordination

477. The Board audited the activities of the Department of Safety and Security in Nairobi to review the security risk assessment performed by the Department, identify the risks not covered, and verify the correct application of minimum operating security standards.

478. The mission of the Department of Safety and Security in Kenya was to assist in the management of the security, protection and operational coverage of the Nairobi complex (Gigiri compound), numerous United Nations agencies also based in Nairobi and field operations in Kenya. This mission implied a good level of inter-agency coordination.

479. The Board noted that the budget of the Department of Safety and Security was divided into two unequal parts. One was the security budget for the United Nations Office at Nairobi site, which was financed by the United Nations Office at Nairobi,

while the other was the budget attached to the Division of Regional Operations, which was administered by UNDP. This distinction was the result of the fact that UNDP was the support agency for the Department of Safety and Security teams in different countries.

480. The separation of the two budgets, the fact that the agencies directly paid for the cost of providing security for the premises outside the complex, and the payment of residential protection indemnities attached to the staff expenses of the different budgets, made it difficult to directly ascertain costs associated with security, including the cost of residential protection.

481. **The Administration agreed with the Board's recommendation that it ensure that the Department of Safety and Security analyses security costs independently of contributing budgets (regular budget, extrabudgetary funds, budgets allocated by each agency to security) so as to have a complete view of resources allocated to security.**

482. The accountability framework was established in accordance with resolution 59/276 (XI, para. 13 (b)) to, inter alia, "make clear the role of each responsible official" so as to make the security of staff and their families and United Nations property a priority in reality. This framework was presented by the Secretary-General to the General Assembly in his report A/61/531 and adopted by the General Assembly in resolution 61/263.

483. The functions of the Department of Safety and Security, under the terms of the accountability framework, can be summarized as follows: establish a policy for security management for civilian staff (both administrative staff and staff in the field), as well as for installations; provide methodology and tools; and ensure compliance with minimum regulations. The management of human and financial resources attached to it was at the discretion of the Department of Safety and Security.

484. With regard to methodology and tools, standard operating procedures and standard training were deployed by the Department of Safety and Security for all sites to standardize know-how and practices.

485. With regard to compliance with minimum operating security standards, proposals are sent to the Department of Safety and Security for validation and it is up to the Department to ensure an inspection of sites (A/58/756, para. 11). Apart from a general study dated November 2005, no audit conducted by the Department of Safety and Security was submitted to the Board; nor was an evaluation or study of the Nairobi compound (compliance with requirements, internal monitoring, training). No document was provided to the Board on the reports of the Department of Safety and Security support team in January-February 2008.

486. The self-evaluation system did not appear to the Board as an acceptable substitute, nor was it correctly implemented.

487. **The Administration agreed with the Board's recommendation that the Department of Safety and Security take measures, both direct and by delegation, aimed at assessing compliance with minimum operating security standards of the field offices in Kenya.**

C. Disclosures by management

1. Write-offs of cash, receivables and property

488. The Administration informed the Board, that in accordance with financial rule 106.9, property losses of $7.0 million had been written off during the biennium 2008-2009, as against $1.1 million during the previous biennium. In accordance with financial rule 106.8, losses amounting to $11.1 million had also been written off in respect of accounts receivable, as against $0.3 million during the previous biennium. In sum, total write-offs amounted to $18.1 million, as against $1.42 million for the previous biennium, an increase of 1,174.6 per cent.

489. This increase is explained mainly by the cancellation of the net balance of the unpaid assessed contributions of the former Yugoslavia in the amount of $14.8 million, of which $10.5 million concerned the regular budget of the United Nations. This operation was recorded by the Administration, in General Assembly resolution 63/249 and according to the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7).

490. The breakdown by office of the write-offs during the biennium 2008-2009 for volume I of the financial statements is summarized in table II.10.

Table II.10
Assets written off during the biennium 2008-2009
(United States dollars)

Organization	*Receivables*	*Property*	*Total*
United Nations Headquarters	10 801 355	—	**10 801 355**
International Court of Justice	1 550	—	**1 550**
United Nations Office at Geneva	217 807	1 635	**219 442**
United Nations Office at Vienna	—	13 483	**13 483**
United Nations Office at Nairobi	50 695	562	**51 257**
Economic Commission for Africa	19 615	60 601	**80 216**
Economic Commission for Latin America and the Caribbean	2 529	50 122	**52 651**
Economic and Social Commission for Asia and the Pacific	—	13 885	**13 885**
United Nations Office in Burundi	189	291 339	**291 528**
United Nations Operation in Côte d'Ivoire	—	14 180	**14 180**
United Nations Assistance Mission in Afghanistan	142	2 717 037	**2 717 179**
United Nations Assistance Mission for Iraq	4 323	1 264 023	**1 268 346**
United Nations International Independent Investigation Commission	—	188 388	**188 388**
United Nations Office in Sierra Leone	911	793 290	**794 201**
United Nations Mission in Nepal	—	69 231	**69 231**
United Nations Military Observer Group in India and Pakistan	—	571 995	**571 995**
United Nations Office in Timor-Leste	—	231 698	**231 698**
United Nations Special Coordinator for the Middle East Peace Process	—	28 482	**28 482**
United Nations Truce Supervision Organization	—	435 491	**435 491**

Department of Safety and Security	—	150 851	**150 851**
Office for the Coordination of Humanitarian Affairs	—	75 068	**75 068**
Office for Disarmament Affairs	—	4 781	**4 781**
International Research and Training Institute for the Advancement of Women	—	64 206	**64 206**
United Nations Information Centres	—	1 145	**1 145**
Total	**11 099 116**	**7 041 493**	**18 140 609**

2. Ex gratia payments

491. As required by financial regulation 5.11, the Administration reported no ex gratia payments for the period under review.

3. Cases of fraud and presumptive fraud

492. In accordance with the Financial Regulations and Rules of the United Nations, the Administration provided the Board with a report of cases of fraud and presumptive fraud for the biennium 2008-2009. The Administration identified 21 cases of fraud and presumptive fraud for the biennium ended 31 December 2009. The number of cases increased by 50 per cent compared with the previous biennium (14 cases). The cases of fraud and presumptive fraud were valued at $730,049 for the biennium 2008-2009, as against $644,505 for the previous biennium.

Table II.11
Summary of the cases of fraud and presumptive fraud for the 2008-2009 biennium
(United States dollars)

Types of fraud and presumptive fraud	*Number of cases*	*Alleged fraud amount*	*Amount recovered*	*Amount not recovered*
Theft or fraudulent use of the Organization's assets by third parties	2	45 902	4 200	41 702
Falsification of documents	10	601 021	8 294	592 727
Misuse of the Organization's assets by staff	9	83 126	3 711	79 415
Total	**21**	**730 049**	**16 205**	**713 844**

493. In its previous report (A/63/5 (Vol. I), para. 376), the Board recommended that the Administration ensure that the standard reports on cases of fraud and presumptive fraud submitted to the Board contain sufficient detail to allow for a proper analysis. Although most of the reports submitted for the biennium 2008-2009 were sufficiently detailed, some of them, especially those issued by regional commissions or special political missions, remained too elusive to be properly examined by the Board. The Board's recommendation is therefore reiterated as already mentioned in paragraph 11 of the present report.

494. The Board had also recommended (A/63/5 (Vol. I), para. 377) that the Administration include in the cases of fraud and presumptive fraud transmitted to the Board those cases detected and investigated by the Investigations Division of

OIOS and the Procurement Task Force. The Administration indicated that the reports included information provided directly by the various offices and departments, as well as cases that were still in their preliminary stages and had not yet been referred to OIOS for further investigation; such cases could be closed by the programme managers and never be reported to OIOS. However, considering the operational independence of OIOS, the Secretariat further indicated that it was not in a position to obtain from OIOS the cases under investigation by the latter. Therefore, the Board closed its recommendation.

495. The salient cases of fraud or presumptive fraud detected in the biennium 2008-2009 are described below.

(a) Theft or fraudulent use of the Organization's assets by third parties

496. At the United Nations Office at Geneva, a fraudulent cheque was discovered during the daily bank reconciliation process. This cheque had been cashed with no corresponding transaction in the books. Also, the name of the beneficiary was not found in any database at the United Nations Office at Geneva. The cheque amount had a value of $4,200 and was immediately reimbursed by the bank as the United Nations Office at Geneva treasury blocked the transaction in alerting the incident to the bank.

(b) Falsification of documents

497. At ECA, an individual had for many years fraudulently received dependency benefits for an amount of $238,161.24 (annual education grant allowances, reimbursement for travel, assignment grants and health and dental insurance contributions). This individual was, however, not entitled to these benefits and submitted fraudulent birth certificates in the names of two other individuals. At the time of the audit, no recovery had been made.

498. At the same office, two former staff members fraudulently duplicated and cashed ECA cheques for an amount of $179,365. The two former staff members were arrested by the authorities and taken to court. The trial was pending at the time of the audit.

499. At the Department of Economic and Social Affairs of the Secretariat, a staff member falsified rental subsidy claims. The total amount for this case represents $93,833. At the time of the audit, no recovery had been made.

500. At the United Nations Office at Geneva, a staff member has received education grants for his children on the basis of supporting school documents. In reality, it appears that the school does not exist. The fraud was discovered by the payroll unit, which found inconsistencies in the supporting documents. The amount involved is $80,327 and had not been recovered at the time of the audit.

(c) Misuse of the Organization's assets by staff

501. At the Office for the Coordination of Humanitarian Affairs, a staff member used a signature stamp and paid travel claims to staff members as a means of compensating the difference in the shortfall in legitimate staff entitlements due to staff members. In the same office, an individual used a staff member's personal bank account to receive funds on behalf of a staff member of the Johannesburg

office of the Integrated Regional Information Network. The amount involved in those cases was $28,463. At the time of the audit, no amounts had been recovered.

502. At the United Nations Truce Supervision Organization (UNTSO), a staff member misused a cell phone, a SIM card, a modem, a laptop and a vehicle, all owned by the United Nations, for private purposes. This case was discovered during an internal audit. The loss involved amounted to $25,330.

503. At the United Nations Office at Geneva, a United Nations staff member was paid an education grant for his daughter's school fees but did not use the advance provided for its intended purpose, nor honour his obligation to make a payment of the school fees in the proper time frame. This represented an amount of $16,301, which had not been recovered at the time of the audit.

D. Acknowledgement

504. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General of the United Nations, the Directors-General of the United Nations Offices at Geneva, Nairobi and Vienna, the Executive Secretaries of the regional commissions and the International Civil Service Commission, the United Nations High Commissioner for Human Rights, the Registrar of the International Court of Justice, the Secretary-General of the United Nations Conference on Trade and Development, the Chairman of the Board of Governors of the United Nations System Staff College, and their officers and members of their staff.

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa
Chair of the United Nations Board of Auditors

(*Signed*) Didier **Migaud**
First President of the Court of Accounts of France
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor-General of China

30 June 2010

Annex I

Status of implementation of recommendations issued by the Board for the biennium ended 31 December 2007

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1. The Board recommends that the Administration pursue its efforts to prepare for the consolidation or aggregation of the financial statements of the United Nations under IPSAS.	27	2006-2007		x		
2. The Administration agreed with the Board's recommendation that it expedite the automation process of contributions management in order to enable real-time management of data regarding payments made by Member States.	41	2006-2007		x		
3. The Administration agreed with the Board's recommendation that it design the future automated management system so as to indicate, in assessment notifications, the amount and allocation of the most recent payments received, the status of payments due and payable and the calculation used to obtain the amount of the contribution.	47	2006-2007		x		
4. The Administration agreed with the Board's recommendation that it examine the possibility of sending universal reminder letters to Member States at the end of each quarter in order to increase the collection rate of contributions.	51	2006-2007		x		
5. The Administration agreed with the Board's recommendation that it take measures to ensure that invoices are certified in a timely manner so as to ensure payment within the usual stipulated deadline of 30 days after the receipt of goods or services.	54	2006-2007	x			
6. The Board recommends that the Organization keep under review the question of the accounting treatment of uncollected assessed contributions.	61	2006-2007				x

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
7. The Board recommends that the Organization adopt a funding strategy for its end-of-service and post-retirement liabilities.	67	2002-2003		x		
8. The Board recommends that the Administration reconsider the disclosure of the statement of cash flows to include the cash pools as part of the total cash balance.	72	2006-2007	x			
9. The Board recommends that the Administration revise in the next biennium the format of the statement of appropriations to make it compliant with the one recommended by the United Nations system accounting standards.	74	2006-2007	x			
10. The Board recommends that the Administration put in place, for all of its technical cooperation activities, a results-measurement mechanism comparable to that required for the projects funded by the Development Account.	89	2006-2007	x			
11. The Administration agreed with the Board's recommendation that UNFIP ascertain the reasons for the high value and incidence of cancellation of unliquidated obligations with a view to minimizing the extent to which such cancellations take place.	104	2006-2007	x			
12. The Administration agreed with the Board's reiterated recommendation that UNFIP continue to enforce strict compliance with the timely submission of financial utilization reports.	110	2002-2003	x			
13. The Board recommends that the Administration ensure that UNFIP:	117	2006-2007	x			
(a) Continues to monitor the ageing of advances and the related interest through its current mechanisms, utilizing the review and analysis of project expenditure against advances and interest reported in the financial utilization reports;						

Recommendation	Paragraph reference	Financial period first made	Implemented	Under implementation	Not implemented	Overtaken by events
(b) Considers making advances to implementing partners in tranches after liquidation of previous advances in order to avoid making advances to an implementing partner that cover an extended period.						
14. The Board recommends that the Administration continually review its milestones for the preparation for implementation of IPSAS.	124	2006-2007	x			
15. The Board recommends that the Organization adopt a decision on the Secretary-General's proposals related to the enterprise resource planning system of the Secretariat.	136	2006-2007	x			
16. The Board recommends that the Administration finalize the top management structure of the Procurement Division and its position in the Secretariat.	144	2006-2007	x			
17. The Board recommends that, in accordance with the decisions outlined by the Secretary-General in his report dated 14 June 2006 (A/60/846/Add.5 and Corr.1), the Administration set out clauses in the Procurement Manual which aim to provide a fast purchasing response to immediate operational requirements.	147	2006-2007	x			
18. The Board recommends that the Administration prepare a monthly scorecard on performance indicators dealing with requisitioners' perceptions and procurement procedure lead times.	151	2006-2007		x		
19. The Board also recommends that the Administration conduct an independent assessment of requisitioners' satisfaction with procurement at certain intervals and evaluate the results.	152	2006-2007		x		

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
20. The Administration agreed with the Board's reiterated recommendation to ensure that the United Nations Office at Geneva reminds all of its internal and external client entities of the obligation to submit, before the start of each biennium, fully completed acquisition plans.	157	2006-2007	x			
21. The Board recommends that the Administration ensure that the United Nations Office at Geneva reorganizes its Tender Opening Committee in accordance with the prescriptions set out in the Procurement Manual by ensuring, in particular, that its members are not part of the Purchase and Transportation Section.	160	2006-2007	x			
22. The Administration agreed with the Board's recommendation that it ensure that the United Nations Office at Geneva reminds suppliers of the importance of signing the purchase order and of returning a copy of it to the purchasing service.	`63	2006-2007	x`			
23. The Administration agreed with the Board's recommendation that it ensure that the United Nations Office at Geneva takes all necessary measures to properly maintain its vendor database.	166	2006-2007	x			
24. The Administration agreed with the Board's recommendation that it ensure that the United Nations Office at Geneva reviews all vendor performance ratings to be used as a basis for decision-making on the award of contracts.	169	2006-2007	x			
25. The Board recommends that the Administration increase the managerial supervision of tender documents before they are published.	176	2006-2007	x			

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
26. The Board recommends that the Administration ensure that the managers of the various services at Headquarters and at offices away from Headquarters improve their record-keeping of non-expendable property, which should be supported by periodic physical inventory.	185	2004-2005		x		
27. The Board also recommends that the Administration prepare and implement formalized internal control procedures over non-expendable property to ensure that information provided on the total value of the equipment in use at the end of accounting periods is reliable.	186	2006-2007		x		
28. The Board recommends that the Administration ensure that the United Nations Office at Nairobi calculate premiums by taking into account the age of the property item being insured and the probability of the insured risks.	190	2006-2007	x			
29. The Board recommends that, in view of the implementation of IPSAS, the Administration ensure that the Accounts Division considers capitalizing renovation work carried out on the Organization's assets.	195	2006-2007	x			
30. The Board recommends that the Administration implement an overall strategy for the use of office space.	201	2006-2007		x		
31. The Board recommends that the Administration formulate written procedures for space management and ensure their application in the following areas: planning for needs; allocating place and arbitrating requests; retrieving floor space; and limiting urgent requests.	203	2006-2007		x		
32. The Administration agreed with the Board's recommendation to take appropriate measures to bring the Headquarters building systems into full compliance with safety standards.	207	2006-2007		x		

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
33. The Board recommends that the Administration draw up a comprehensive scoreboard for the use of space and share it with department heads.	209	2006-2007		x		
34. The Board recommends that the Administration ensure that the United Nations Office at Nairobi undertakes a comprehensive analysis of the costs incurred by the presence of 29 United Nations agencies and their staff outside the Gigiri compound.	217	2006-2007		x		
35. The Board recommends that the Administration study the usefulness of having all or part of Ariana Park or just the Palais des Nations listed as a world cultural and natural heritage site.	223	2006-2007	x			
36. The Board recommends that the Administration ensure that the United Nations Office at Geneva: (a) Carries out inspections and periodic monitoring of all buildings so as to define the work needed to maintain or improve them; (b) Formalizes a long-term work schedule.	226	2006-2007	x			
37. The Board recommends that the Administration develop strategies to reduce the vacancy rates of its conference centres.	231	2006-2007		x		
38. The Board recommends that the Administration make the conditions for using the conference centres more flexible, monitor their occupation and develop their commercial management in accordance with the rules set by the Organization.	236	2006-2007		x		

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
39. The Board recommends that the Administration: (a) Carry out a systematic assessment of the equipment for the conference centres in order to plan for its progressive replacement; (b) Examine the suitability of the conference centres and draw up a multi-year equipment renovation plan.	239	2006-2007		x		
40. The Administration agreed with the Board's recommendation that it prioritize the objectives of the human resources action plans and select a reduced number of them as priority targets.	243	2006-2007	x			
41. The Board recommends that the Administration assign a few common objectives to the Under-Secretary-General for Management, the head of the Office of Human Resources Management and the relevant Under-Secretaries-General in relation to human resources management matters identified as priorities.	248	2006-2007	x			
42. The Administration agreed with the Board's recommendation that it ensure that the Office of Human Resources Management carries out a proactive advertising policy for unrepresented and underrepresented countries.	250	2006-2007		x		
43. The Administration agreed with the Board's recommendation that it ensure that the Office of Human Resources Management revise the country ceiling for candidates allowed to participate in the national competitive recruitment examinations.	254	2006-2007	x			
44. The Board recommends that the Administration ensure that the Office of Human Resources Management implements measures to reduce the actual duration for implementing the competitive examinations.	257	2006-2007		x		

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
45. The Board recommends that the Administration implement measures to ensure it is in compliance with resolution 2 (I) of February 1946 and, in that respect consider, inter alia, making it a requirement that new entrants at the Professional level and above who are not fluent in both working languages undergo language tutoring upon joining the Administration.	261	2006-2007			x	
46. The Board also recommends that the Administration test the fluency in both working languages of all new entrants at the Professional level and above after a period of time from their entry on duty.	262	2006-2007			x	
47. The Board recommends that the Administration ensure that the International Civil Service Commission: (a) Continues to improve the methods of its cost-of-living and place-to-place surveys; (b) Considers as a performance indicator the total time lag between the scheduled date for the surveys and the date of issuance of the post adjustment circular.	275	2004-2005		x		
48. The Administration agreed with the Board's recommendation that it ensure that the International Civil Service Commission makes all possible efforts, notably by encouraging participation by the organizations to provide relevant information, to ensure annual updates of daily subsistence allowance rates.	279	2006-2007		x		
49. The Board recommends that the Administration ensure that the International Civil Service Commission assesses and reports on the implementation of its proposals relating to staff serving at non-family duty stations in its annual report.	287	2006-2007		x		

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
50. The Board recommends that the Administration strengthen the resources dedicated to the selection of candidates for positions in OHCHR.	294	2006-2007	x			
51. The Board recommends that the Administration ensure that the Department for General Assembly and Conference Management reviews the method for selecting external providers of translation services and enhances the criteria for assessing the performance of individual translators.	297	2006-2007	x			
52. The Board recommends that the Administration ensure that the Department for General Assembly and Conference Management formalizes the procedure and strengthens the criteria for inclusion on the roster of contractual translators.	303	2006-2007	x			
53. The Board also recommends that the Department for General Assembly and Conference Management strengthen its procedures for controlling rules applicable to the recruitment of retirees from the Organization, in particular those relating to the remuneration threshold.	304	2006-2007		x		
54. The Board recommends that the Administration ensure that the Department of Economic and Social Affairs: (a) Draws up a formalized procedure for the selection of consultants to be implemented by all divisions; (b) Relies on a roster shared by the entire Department, which contains information from each division and lists the profiles of the consultants the divisions may call upon.	308	2006-2007				x

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
55. The Board recommends that the Administration document the entire architecture of systems and data that it uses to indicate all interfaces and exchanges of data between systems, their nature and the documents on all associated controls.	316	2006-2007		x		
56. The Board recommends that the Administration: (a) Take a cost-effective approach to the development and maintenance of its information technology applications; (b) Allow an appropriate segregation of duties related to information technology functions.	319	2006-2007	x			
57. The Board recommends that the Administration review its high-level business case methodology with respect to information technology projects to ensure that sufficient information is provided to support decision-making processes.	322	2006-2007	x			
58. The Board recommends that the Administration carry out regular checks, at least once a year, to identify any information technology active user accounts assigned to staff that have left the United Nations.	328	2006-2007		x		
59. The Board recommends that the Administration ensure that the firefighting system in server rooms is functional and that the staff responsible for it have the sufficient skills to operate it.	332	2006-2007	x			
60. The Board also recommends that the Administration urgently remove from server rooms equipment and material that pose a fire hazard.	333	2006-2007	x			

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
61. The Board recommends that the Secretary-General ensure that the Internal Audit Division of the Office of Internal Oversight Services further develops its risk-based approach with respect to the management of its work programme, the connection between the risk analysis and internal controls, and the follow-up procedures for the recommendations made.	338	2006-2007	x			
62. The Board recommends that the Secretary-General ensure that the Internal Audit Division of the Office of Internal Oversight Services improves the overall management of the audit process, in particular the follow-up of the auditors' working days, in order to improve the completion rate of its programme.	340	2006-2007	x			
63. The Board recommends that the Administration ensure that the United Nations Office at Geneva implements strategies to preserve the Organization's institutional memory, with particular regard to the documents concerning its genesis and its inception.	349	2006-2007	x			
64. The Board recommends that the Administration ensure that the United Nations Office at Nairobi implements the recommendations of OIOS more rapidly by entering into service agreements with all of the United Nations agencies and making the provision of further services contingent upon a formal promise to settle payments in arrears for over six months.	356	2006-2007		x		
65. The Board recommends that the Administration ensure that the United Nations Office at Nairobi maintains its capacity to offer common services to other United Nations entities and obtains fair compensation for them.	360	2006-2007		x		

Recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
66. The Administration agreed with the Board's recommendation that it ensure that the United Nations Office at Vienna maintains updated tables of endowments and income and planned and activated expenses of the funds for which it maintains the books of account.	363	2006-2007	x			
67. The Board also recommends that the Administration envisage that the United Nations Office at Vienna identifies its management costs and their breakdown between it and the United Nations Office on Drugs and Crime.	364	2006-2007			x	
68. The Administration agreed with the Board's recommendation that it specify in the statement of ex gratia payments to which account the payments are posted.	369	2006-2007		x		
69. The Board recommends that the Administration ensure that the standard reports on cases of fraud and presumptive fraud submitted to the Board contain sufficient detail to allow for a proper analysis.	376	2006-2007		x		
70. The Board also recommends that the Administration include in the cases of fraud and presumptive fraud transmitted to the Board those cases detected and investigated by the Investigations Division of OIOS and the Procurement Task Force.	377	2006-2007				x
Total	**70**		**38**	**26**	**3**	**3**
Share in total	**100**		**54**	**37**	**4**	**4**

Annex II

United Nations offices and organizations audited during the biennium 2008-2009[a]

Office	*Location*
United Nations Headquarters	
Executive Office of the Secretary-General	New York
Department of Political Affairs	New York
Department of Economic and Social Affairs	New York
Department for General Assembly and Conference Management	New York
Department of Public Information	New York
United Nations Information Centres	
Department of Management	New York
Department of Safety and Security	New York
Office for the Coordination of Humanitarian Affairs, Headquarters	New York and Geneva
OCHA Regional Office for Asia and the Pacific	Bangkok
OCHA Country Office in Colombia	Bogota
Office of Internal Oversight Services	New York
Office for Disarmament Affairs	New York and Geneva
Office of Legal Affairs	New York
Ethics Office	New York
United Nations Fund for International Partnerships	New York
Office of the Ombudsman and Mediation Services	New York
International Civil Service Commission	New York
United Nations offices away from Headquarters	
United Nations Office at Nairobi	Nairobi
United Nations Office at Vienna	Vienna
United Nations Office at Geneva	Geneva
Regional commissions	
Economic Commission for Europe	Geneva
Economic Commission for Africa	Addis Ababa

Office	*Location*
Economic Commission for Latin America and the Caribbean	Santiago
ECLAC subregional headquarters	Mexico
Economic and Social Commission for Asia and the Pacific	Bangkok
Economic and Social Commission for Western Asia	Beirut
Other organs	
International Court of Justice	The Hague
Office of the United Nations High Commissioner for Human Rights, Headquarters	Geneva
OHCHR Colombia Country Office	Bogota
OHCHR Nepal Country Office	Kathmandu
International Research and Training Institute for the Advancement of Women	Santo Domingo
United Nations Conference on Trade and Development	Geneva
United Nations Interregional Crime and Justice Research Institute	Turin
United Nations Institute for Disarmament Research	Geneva
United Nations Research Institute for Social Development	Geneva
United Nations System Staff College	Turin
Peacekeeping operations funded by the regular budget, special political missions and other missions	
United Nations Military Observer Group in India and Pakistan	Islamabad
United Nations Truce Supervision Organization	Jerusalem
United Nations Office for West Africa	Dakar
United Nations International Independent Investigation Commission	Beirut
United Nations Integrated Peacebuilding Office in Sierra Leone	Freetown
United Nations Assistance to the Khmer Rouge Trials	Phnom Penh

[a] The accounts of the offices and organizations appear in the combined financial statements (all funds summary) of the United Nations.

Annex III

List of "inactive" funds

Fund code	*Name*
General trust funds	
Approved for closure	
DZA	Sub-account for Promoting Awareness of Humanitarian Emergency Assistance within the Trust Fund for the Strengthening of the Office of the Emergency Relief Coordinator
Pending closure or in the process of being reviewed for closure	
ANT	Trust Fund for Afghanistan
BIA	Sub-fund of the Trust Fund for Humanitarian Relief in Iraq
BRA	Emergency Trust Fund for Humanitarian Assistance for Iraq, Kuwait and the Iraq-Turkey and Iraq-Iran Border Areas
BUA	Sub-account for the Iraqi Government Non-convertible Currency Contributions for the Emergency Trust Fund for Humanitarian Assistance for Iraq, Kuwait and the Iraq-Turkey and Iraq-Iran Border Areas
BZA	Sub-account of the Trust Fund for the Police Assistance Programme in Bosnia and Herzegovina for the Brčko Police Restructuring Programme
EZA	Sub-fund of the Trust Fund for Police Assistance Programme in Bosnia and Herzegovina
IGA	Trust Fund for the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting
IPC	Trust Fund for the Support of the Ituri Pacification Commission
IYS	Trust Fund for the International Year of Sport and Physical Education 2005
KCA	Sub-fund of the Cambodia Trust Fund
NCA	Sub-account for the Non-convertible Component of the Trust Fund for the World Disarmament Campaign
SUA	Trust Fund for Somalia — Police Force (Sub-account of the Trust Fund for Somalia — Unified Command)
SXA	Sub-fund of the Trust Fund for Somalia — Unified Command
TSA	Sub-fund of the Trust Fund for the Assistance with Field Mission Transport Management
TYA	Sub-fund of the Trust Fund for the Settlement of the Question of East Timor
VIA	Trust Fund for Headquarters Refurbishment of Auditorium

Fund code	*Name*
YDA	Sub-fund of the Hamish Brown Fellowship Fund

Ongoing purpose or retained for potential resumed activity

AQA	Trust Fund for The Great Lakes Region
BEA	Sub-account of the Trust Fund for Electoral Observation Assistance to the Democratic Republic of Congo Elections
GPA	Sub-account of the Trust Fund in Support of the Implementation of the Agreement on a Ceasefire and Separation of Forces Signed in Moscow on 14 May 1994
GUA	Sub-fund for the Guatemala Peace Process
ICT	Trust Fund for International Cooperation in Tax Matters
KDA	Sub-fund of the Trust Fund to Support the United Nations Interim Administration Mission in Kosovo
POA	Sub-account of the Trust Fund in support of United Nations Peacemaking and Peacekeeping Activities
QOA	United Nations Trust Fund for Enhancing Professional Capacity in Internal Oversight Functions
QPA	Trust Fund in Support of the Activities of the Committee on the Exercise of the Inalienable Rights of the Palestinian People
RJA	Sub-fund for the Rapidly Deployable Mission Headquarters
YEA	Sub-fund of the Special (Ralph Bunche) Account for the Secretary-General for Purposes Related to Peace and Security
YGA	Sub-account for the Beulah Edge Bequest under the Trust Fund for Personal and Real Property of the United Nations
YNA	Sub-fund of the Trust Fund for Assistance to the Special Representative of the Secretary-General for Burundi in Support of Peacekeeping
YRA	Sub-fund of the Trust Fund for Restoration and Maintenance of the Peace Bell
YXA	Sub-fund of the Meditation Room Gifts from New York City
YYA	Sub-fund of the Trust Fund for Dag Hammarskjöld Sculpture (Grant by Blaustein Foundation)

Technical cooperation trust funds

Approved for closure

XBI	Sub-fund for Projects Financed by the Government of Australia
XBT	Projects Financed by the Government of France
XGB	United Nations Trust Funds for Projects Financed by UNIFEM

Fund code	*Name*
XGH	United Nations Trust Fund for Projects Financed by the Government of Ireland
XGI	United Nations Trust Fund for Projects Financed by the Government of New Zealand
XGJ	United Nations Trust Fund for Projects Financed by the Government of Luxembourg
XMA	Management Services — World Bank
XMC	Fund for Management Service Agreement between the Department of Economic and Social Affairs and the Government of Italy
XMD	Fund for Management Service Agreement between the Department of Economic and Social Affairs and the Government of Finland
Pending closure or in the process of being reviewed for closure	
ALJ	ESCWA as Executing Agency for the Abdul Latif Jameel Group Projects
BDT	ESCAP as Agency for UNDP Support for Policy and Programme Development Projects
BST	ESCAP as Agency for UNDP Support for Technical Services Projects
DPB	ECLAC — Billing to the United Nations Office for Project Services
EPB	ECE as Agency-UNDP Indicative Planning Figure (IPF) Old Regime
EPS	ECLAC — UNIFEM
HDB	ECA as Executing Agency for TC-BELGIUM
HTS	ECA as Executing Agency for the United Nations Trust Fund for the Transport and Communications Decade in Africa
HZB	ECA as Executing Agency for the United Nations Trust Fund for African Development-UNTFAD France
HZL	ECA as Executing Agency for the United Nations Trust Fund for African Development-UNTFAD South Africa
IPM	Sub-fund for UNDP Source of Fund 07 (Track 1.1.3) with the Department of Economic and Social Affairs as Executing Agency
IPP	Sub-fund of the UNDP Fund for Non-TRAC 1.3 (PMS Code Fund IJ and XBO SOF11)
LDC	Sub-fund of the United Nations as Agency — Special Measures for the Least Developed Countries (CT)
LDN	Sub-fund of UNDP — Special Measures F for the Least Developed Countries — New Regime
PRD	Special Programme Resources — Technical Cooperation among Developing Countries — Old Regime
PRN	Sub-fund of UNDP — Special Programme Resources — New Regime

Fund code	*Name*
PRO	Special Programme Resources — MDP — New Regime
PRP	Special Programme Resources — National Disaster — New Regime
PRQ	Special Programme Resources — Technical Cooperation among Developing Countries — New Regime
PRR	Special Programme Resources — Miscellaneous — New Regime
SBT	ESCAP as Agency for UNDP Projects
TSJ	Sub-fund of UNDP — Technical Support Service at Project Level (TSS-2)
WVB	ESCWA local fund — Friedrich Ebert Stiftung
WVF	ESCWA — Technical Cooperation Trust Fund Financed by the Government of France
WVH	ESCWA — UNIFEM
WVJ	ESCWA — Technical Cooperation Trust Fund Financed by the Government of the Netherlands
WVK	ESCWA — as Executing Agency for UNFPA projects
WVO	ESCWA — as Executing Agency for the Fares Foundation projects
WVS	ESCWA — Azm and Saade Association projects
XAN	Turkish Associate Expert Programme
XAT	Fund for New Zealand Associate Experts
XBC	Sub-fund for Projects Financed by the United Nations Children's Fund
XBG	Sub-fund for Projects Financed by the Government of Denmark
XBH	Sub-fund for Projects Financed by the Government of Canada
XBL	Sub-fund for Projects Financed by the African Development Bank
XBQ	Sub-fund for Projects Financed by the United Nations International Drug Control Programme
XBR	Sub-fund for Projects Financed by Decade for Disabled Persons (General Trust Fund)
XBV	Projects financed by the Asian Development Bank
XBY	Trust Fund for the Government of the United States of America
XDB	Trust Fund for Rwanda
XDD	UNDP/United Support of Artists for Africa Trust Fund
XDE	Canadian International Development Agency/UNDP Trust Fund for the Bangladesh National Household Survey Capability Programme

Fund code	*Name*
XDF	Sub-fund for the United Nations Fund for Science and Technology for Development
XDG	Sub-fund for UNIFEM
XDJ	Trust Fund for Training in the USSR of Specialists from Developing Countries
XDQ	UNDP Trust Fund for Projects Financed by International Partnerships
XDU	Sub-fund for the Netherlands Trust Fund for Special Action Programme for Public Administration
XDV	Trust Fund for the Electoral Process in Guinea-Bissau
XDW	Canadian International Development Agency/UNDP Trust Fund for Namibia
XDY	Fund for UNDP-Administered Trust Fund Financed by the European Union
XDZ	UNDP Thematic Trust Fund for Poverty Reduction
XEA	UNDP Thematic Trust Fund for Decentralization and Participatory Local Governance
XMB	Fund for Management Service Agreement between the Department of Economic and Social Affairs and the Government of Germany
XNA	United Nations Educational and Training Programme for Southern Africa
XPF	UNFPA Trust Funds — Budget Financed by the Government of Switzerland
XSA	Sub-fund of the United Nations as Associated Agency-Sub-contracts with other Agencies
XSB	UNDP Trust Fund for Project funded by Norway Trust Fund for Electoral Assistance in Mozambique with the Department of Economic and Social Affairs
XSO	UNDP Thematic Trust Fund for Poverty Reduction with the Department of Economic and Social Affairs as Associated Agency
XSP	Thematic Trust Fund for Poverty Reduction — Piloting and Innovation
XSQ	Support for Policy and Programme Development/Support for Technical Services — Special Millennium Development Goal and Related Initiatives
XSR	Thematic Trust Fund for Information and Communication Technology
XSS	UNDP Source of Fund 06 "SM/LDC" with the Department of Economic and Social Affairs as Associated Agency
ZKB	ECE as Agency — Trust Fund for Improving Trade, Finance and Investment for the Russian Timber Sector
Ongoing purpose or retained for potential resumed activity	
DPE	ECLAC — as Executing Agency for UNDP projects
DPS	ECLAC — Information and Communication Technology for Development — UNDP Trust Fund (SOF NH)

Fund code	*Name*
TFB	UNCTAD as Agency — UNDP Administered Trust Fund (74)
UCB	UNCTAD as Agency — Technical Cooperation among Developing Countries Account
UEB	ECE as Agency — Technical Cooperation Trust Funds — TSS1
XXB	UNCTAD as Agency — Support for Policy and Programme Development — TSS1
XYB	UNCTAD as Agency — Support for Technical Services — TSS2
XZB	UNCTAD as Agency — UNDP Global Interregional and Special Activities

Chapter III
Certification of the financial statements

30 March 2010

The financial statements of the United Nations for the biennium ended 31 December 2009 have been prepared in accordance with financial rule 106.10. They include all funds except those for peacekeeping operations, the United Nations Compensation Commission, the United Nations escrow accounts established under the provisions of Security Council resolutions 687 (1991), 706 (1991), 778 (1992), 986 (1995), 1284 (1999), 1483 (2003) and 1762 (2007), the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, which are the subject of separate financial statements.

The summary of significant accounting policies applied in the preparation of these statements is included in the notes to the financial statements. These notes provide additional information on and clarification of the financial activities undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations, numbered I to XII, are correct.

(*Signed*) Jun **Yamazaki**
Assistant Secretary-General, Controller

Chapter IV
Financial report for the biennium ended 31 December 2009

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations for the biennium ended 31 December 2009. The financial results reported relate to activities of the United Nations other than those of peacekeeping operations, United Nations Iraq escrow accounts, the United Nations Compensation Commission, the International Tribunal for the former Yugoslavia and the International Criminal Tribunal for Rwanda, which are reported separately.

2. The accounts consist of 12 statements supported by schedules and notes and provide financial information relating to the United Nations General Fund and related funds, technical cooperation activities, general trust funds, Tax Equalization Fund, capital master plan, capital assets and construction in progress, end-of-service and post-retirement benefits and other funds. Financial statements for each trust fund have not been included in the published accounts; instead, a consolidated financial statement is presented.

3. The present financial report is designed to be read in conjunction with the financial statements. It presents an overview of the consolidated results and an analysis of the financial statements by major category, highlighting trends and significant changes. The annex to the report provides information required by the Financial Regulations and Rules of the United Nations to be reported to the Board of Auditors.

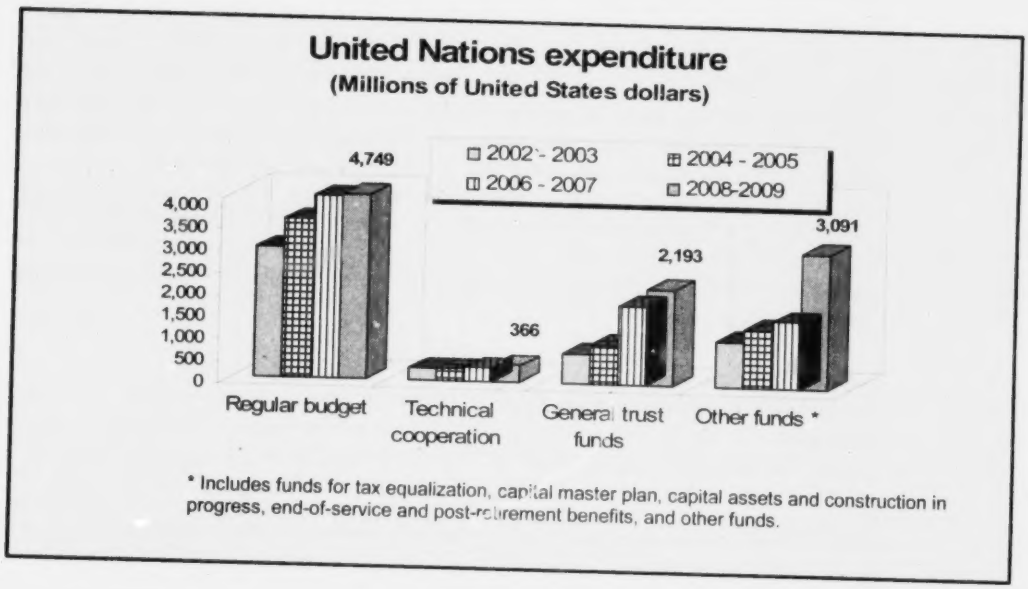
B. Overview

4. Statements I, II and III summarize the combined results of the specified United Nations activities that are presented in more detail in statements IV to XII. Statement I presents income and expenditure by major fund category for the biennium 2008-2009. Statement II shows a summary of assets, liabilities and reserves and fund balances as at 31 December 2009. Statement III summarizes the Organization's net cash flow for the current biennium.

5. Overall income for the biennium 2008-2009 increased by $1,737.4 million, or 22 per cent, from $7,976.5 million to $9,713.9 million, due mainly to an increase of $785.9 million in assessed contributions and an increase of $460.2 million in voluntary contributions. Other/miscellaneous income also rose by $449.7 million, due mainly to the change in presentation of medical and dental plans in the financial statements.

6. Total expenditure (after eliminations) for the biennium 2008-2009 increased by $2,334.5 million, or 34 per cent, from $6,940.5 million to $9,275.0 million. Regular budget expenditure increased by 15 per cent, technical cooperation expenditure increased by 17 per cent, and expenditure for general trust funds and other funds increased by 23 and 102 per cent, respectively. Figure IV.I provides a graphic comparison of expenditure by category for the past four bienniums, respectively.

Figure IV.I



7. Table IV.1 shows the expenditure for the four categories of United Nations activity as a percentage of total expenditure for the past four bienniums.

Table IV.1
Expenditures by category and biennium
(Percentage)

Category of expenditure	*Biennium*			
	2002-2003	*2004-2005*	*2006-2007*	*2008-2009*
Regular budget	60.0	59.1	53.3	45.7
Technical cooperation	5.3	4.5	4.0	3.5
General trust funds	13.7	14.7	23.0	21.1
Other funds	21.0	21.7	19.7	29.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

C. United Nations General Fund, Working Capital Fund and United Nations Special Account

8. The United Nations General Fund comprises all regular budget income and expenditure, as well as the assets, liabilities and reserves and fund balances of the Organization other than those specifically identified with other funds. Statement IV shows the status of regular budget appropriations. Statement V shows income and expenditure, assets, liabilities and reserves and fund balances as at 31 December

2009 of the General Fund, the Working Capital Fund and the United Nations Special Account.

9. The final appropriation for the regular budget for the biennium 2008-2009 totalled $4,799.9 million. Actual expenditure totalled $4,749.4 million, or 1.1 per cent lower than the final appropriation. However, expenditure for the biennium 2008-2009 was 15 per cent higher compared with the total expenditure of $4,146.3 million for the biennium 2006-2007, due primarily to an increase in the number of special political missions, higher information technology related expenditures, the strengthening of the Department of Political Affairs, and increased development-related activities. Tables IV.2 and IV.3 show the percentage distribution of expenditure for the regular budget for the past two bienniums by major activity and object of expenditure.

Table IV.2
Expenditure by major activity for the regular budget
(Percentage)

	Biennium	
Major activity	*2006-2007*	*2008-2009*
Overall policymaking direction and coordination	15.9	15.7
Political affairs	19.9	22.7
Economic, social and humanitarian affairs	24.6	24.1
International justice and law	1.9	2.0
Public information	4.1	3.9
Common support services	15.3	14.4
Staff assessment	10.5	10.4
Capital and special expenditure	7.8	6.8
Total	**100.0**	**100.0**

Table IV.3
Expenditure by object of expenditure for the regular budget
(Percentage)

	Biennium	
Object of expenditure	*2006-2007*	*2008-2009*
Salaries and other personnel costs	74.6	74.0
Travel	2.2	2.3
Contractual services	3.7	3.3
Operating expenses	9.5	9.7
Acquisitions	5.3	4.4
All other expenses	4.7	6.3
Total	**100.0**	**100.0**

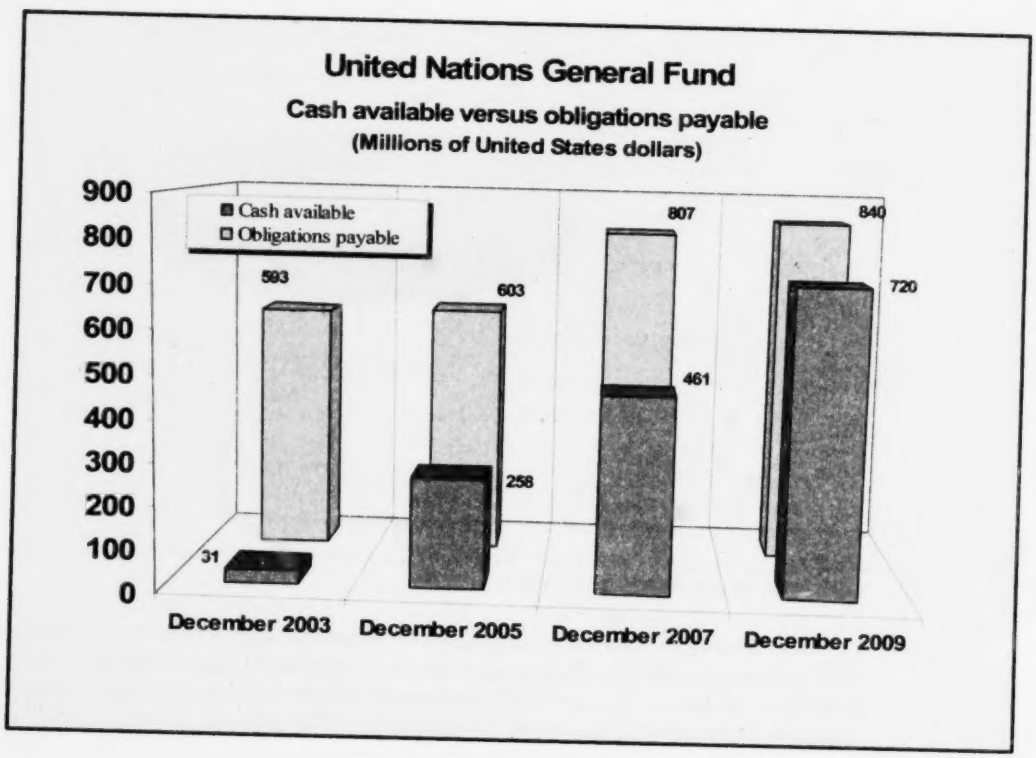
10. Schedule 5.2 contains the details of miscellaneous income, which amounted to $62.7 million for the biennium 2008-2009. This amount was $13.3 million, or 17.5 per cent lower compared with the biennium 2006-2007, largely as a result of a decrease in interest income.

11. As at 31 December 2009, unpaid assessed contributions to the regular budget totalled $335.5 million, representing a decrease of $104.2 million, or 24 per cent, compared with the situation as at 31 December 2007.

12. Though certain Member States did not pay their contributions in full and on time, the reduced level of unpaid assessed contributions helped the Organization meet its cash requirements during the biennium 2008-2009 without borrowing from other sources, primarily the Working Capital Fund and the United Nations Special Account.

13. Figure IV.II illustrates the level of the Organization's obligations, consisting of payments due to various providers of goods and services, and the extent to which those obligations exceeded the amounts of available cash as at the end of the past four bienniums. As more Member States paid their assessments on time and in full, the gap between the obligations and available cash as at the end of each biennium has shown a marked improvement. Nevertheless, the level of unpaid assessed contributions continues to be a matter for concern.

Figure IV.II



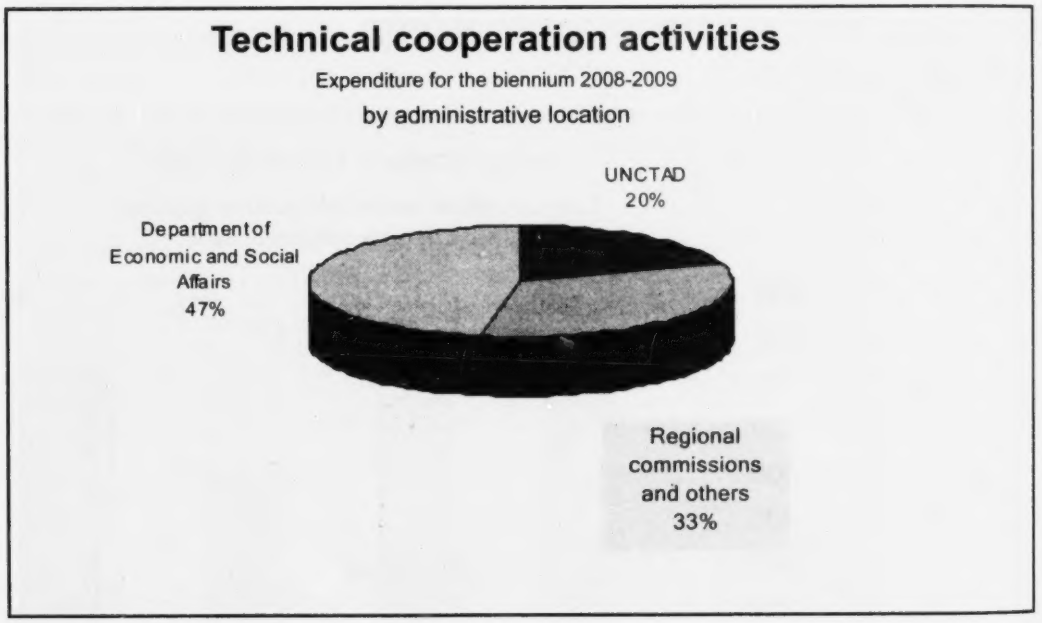
14. As at 31 December 2009, the General Fund's reserves and fund balances amounted to $331.3 million and comprised an authorized retained surplus of $68.4 million and a cumulative surplus of $262.9 million. The surplus position resulted mainly from a net excess of income over expenditure of $82.1 million and cancellation of prior-period obligations of $39.7 million, as well as surplus brought forward from the preceding bienniums of $141.1 million.

15. The level of the Working Capital Fund stood at $150.0 million, as authorized by General Assembly resolution 60/283.

D. Technical cooperation activities

16. Statement VI reflects the results of United Nations activities in the field of technical cooperation. Total expenditure for technical cooperation activities was $366.5 million, representing an increase of $53.6 million, or 17 per cent, compared with the biennium 2006-2007. Figure IV.III shows the composition of technical cooperation expenditure by administrative location.

Figure IV.III



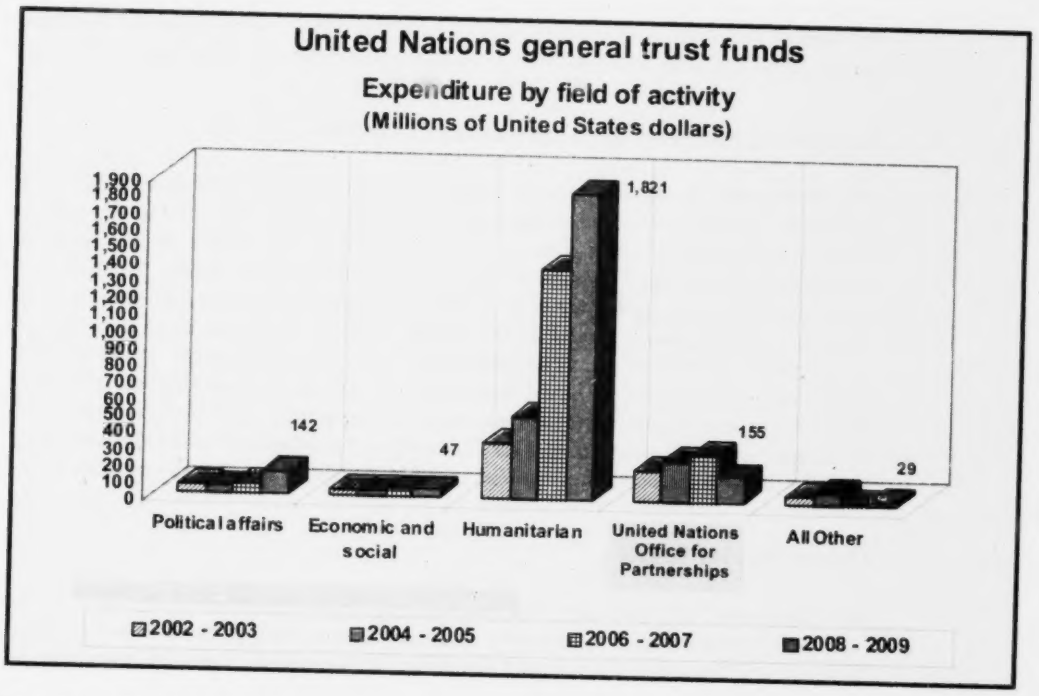
E. General trust fund activities

17. The United Nations trust funds serve to support or supplement the substantive work programme of the Organization or to contribute to humanitarian or relief assistance activities. A consolidated summary of the 169 general trust funds is included in statement VII. During the biennium 2008-2009, 21 general trust funds were established, and 14 were closed.

18. Total income increased by 20 per cent to $2,442.0 million for the biennium 2008-2009, primarily as a result of an increase in voluntary contributions, including an increase of $203.1 million for the Central Emergency Response Fund, and $116.1 million for the Trust Fund for Disaster Relief Assistance.

19. Total expenditure of $2,192.7 million for all general trust funds was 22 per cent higher than the comparable total of $1,790.3 million for the biennium 2006-2007. Seven funds accounted for 85 per cent of total expenditure for all general trust funds, namely, the Central Emergency Response Fund ($812.7 million), the Trust Fund for Disaster Relief Assistance ($392.7 million), the Voluntary Trust Fund for Assistance in Mine Clearance ($189.1 million), the United Nations Fund for International Partnerships ($154.9 million), the trust fund established to support the activities of the Centre for Human Rights ($143.9 million), the trust fund for strengthening the Office of the Emergency Relief Coordinator (OCHA) ($98.5 million) and the Trust Fund for Human Security ($63.2 million). Summary data on all trust funds is contained in schedule 7.1. Figure IV.IV illustrates trust fund expenditure by field of activity for the past four bienniums.

Figure IV.IV



F. Tax Equalization Fund

20. Statement VIII shows income received from staff assessments, expenditure relating to reimbursements to staff members subject to United States income taxes and credits applied against assessments of those Member States who do not levy taxes on the United Nations income of their nationals, as well as assets, liabilities and reserves and fund balances as at 31 December 2009 of the Tax Equalization Fund.

21. For the biennium 2008-2009, total income increased by $161.0 million, or 21 per cent, to $913.8 million from $752.8 million for the biennium 2006-2007, and total expenditure increased by $136.3 million, or 19 per cent, to $862.0 million from $725.7 million, compared with the biennium 2006-2007. As of 31 December 2009, an amount of $179.0 million was payable to the United States of America pending instructions as to its disposition.

G. Capital master plan, capital assets and construction in progress

22. Statement IX shows activities on the capital master plan, its working capital reserve account, associated costs and the secondary data centre. After the approval by the General Assembly in its resolution 62/87 of the accelerated strategy IV, the capital master plan expenditures accelerated in the 2008-2009 biennium, reaching $813.4 million. In accordance with the recommendation of the Board of Auditors, only costs related to long-term benefits are capitalized; all other costs, including those for non-expendable property, are expensed.

23. Statement X shows activities on the capital assets and construction in progress for security measures and other discrete construction in progress projects other than the capital master plan. Expenses of $32.1 million were incurred for the biennium and projects valued at $39.6 million were capitalized into the capital assets account.

H. End-of-service and post-retirement benefits

24. Statement XI shows accrued liabilities with respect to after-service health insurance, repatriation benefits and unused vacation days. Previously, the accrued liability recorded for after-service health insurance was based on an actuarial valuation, whereas the liabilities for repatriation benefits and unused vacation days were recorded based on current costs without discounting or other adjustments. With effect from the biennium ended 31 December 2009, the liabilities of all three groups of accrued liabilities for end-of-service and post-retirement benefits were determined on an actuarial basis. The liabilities for the United Nations, excluding those for peacekeeping operations, were estimated at $2,174.2 million as at 31 December 2009, comprising $1,937.5 million for after-service health insurance, $140.7 million for repatriation benefits and $96.0 million for unused vacation days.

I. Other special funds

25. Statement XII provides information on funds established by the United Nations for various special purposes. A description of each of those funds or group of funds is included in the notes to the financial statements. Selected schedules are highlighted below.

26. Schedule 12.1 shows activities on the various health and life insurance and other held-in-trust funds. Effective in the biennium 2008-2009, all self-insured medical and dental plans' premiums and claims are presented on a gross basis in the schedule; previously these were presented on a net basis in the General Fund (statement V). As a result of this accounting policy change, total income increased by $483.3 million, or 237 per cent, to $686.9 million from $203.6 million, and total

expenditure increased by $500.0 million, or 369 per cent, to $635.6 million from $135.6 million, compared with the biennium 2006-2007.

27. Schedule 12.2 shows activities on the special accounts for administrative cost recoveries, with the exception of the support account for peacekeeping operations, which is reported in the United Nations financial statements for peacekeeping operations. Overall income totalled $285.7 million for the biennium 2008-2009, representing $60.5 million, or a 27 per cent increase, over the previous biennium's total of $225.2 million. Expenditure totalled $227.3 million, representing $61.4 million, or a 37 per cent increase, over the 2006-2007 biennium's figure of $165.9 million. As a result, ending reserves and fund balances as at 31 December 2009 increased to $258.1 million from $195.6 million at the end of the previous biennium.

Annex

Supplementary information

1. The present annex provides information that the Secretary-General is required to provide.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.8, write-offs totalling $11,099,116 were approved for the biennium 2008-2009. A breakdown of the write-offs is shown in the following table:

(United States dollars)

	Biennium	
Fund/activity	*2006-2007*	*2008-2009*
United Nations General Fund	102 051	10 680 841*
Revenue-producing activities	57 131	63 195
Technical cooperation activities	13 040	2 575
General trust funds	11 574	205 487
Other funds	99 114	147 018
Total	**282 910**	**11 099 116**

* Includes write-off of General Fund unpaid assessed contributions of $10,499,488 that was due from the former Yugoslavia pursuant to General Assembly resolution 63/249.

Write-off of losses of property

3. In accordance with financial rule 106.9, property losses amounting to $7,041,493 were written off during the biennium 2008-2009. The losses are based on the original cost of the property and include write-offs arising from shortfalls, thefts, damages and accidents.

Ex gratia payments

4. There were no ex gratia payments made during the biennium 2008-2009.

Chapter V

Financial statements for the biennium ended 31 December 2009

Statement I

United Nations all funds summary[a,b]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	General Fund and related funds (St. V)	*Technical cooperation activities (St. VI)*	*General trust funds (St. VII)*	*Tax Equalization Fund (St. VIII)*	*Capital master plan (St. IX)*	*Capital assets and construction in progress (St. X)*	*End-of-service and post-retirement benefits (St. XI)*	*Other special funds (St. XII)*	*All funds eliminations*	*Total 2009*	*Total 2007[c]*
Income											
Assessed contributions	4 780 138	—	—	—	681 928	—	—	12 015	—	5 474 081	4 688 118
Voluntary contributions	—	283 369	2 225 590	—	—	—	—	15 130	—	2 524 089	2 063 887
Net revenue-producing activities	3 920	—	—	—	—	—	—	—	—	3 920	6 260
Funds received under inter-organization arrangements	—	23 645	46 486	—	—	—	—	198 896	—	269 027	252 712
Allocations from other funds	—	49 681	586	—	2 032	2 402	—	257 094	(254 370)	57 425	35 008
Income for services rendered	5 178	—	—	—	—	—	—	302 334	(167 550)	139 962	106 258
Interest income	46 038	14 995	68 375	—	52 502	1 741	—	37 926	—	221 577	250 155
Other/miscellaneous income	22 293	842	100 921	913 841	8	6 000	12 624	669 732	(702 460)	1 023 801	574 136
Total income	**4 857 567**	**372 532**	**2 441 958**	**913 841**	**736 470**	**10 143**	**12 624**	**1 493 127**	**(1 124 380)**	**9 713 882**	**7 976 534**
Expenditure											
Total expenditure	**4 749 421**	**366 464**	**2 192 714**	**861 975**	**837 128**	**32 121**	**3 109**	**1 356 482**	**(1 124 380)**	**9 275 034**	**6 940 511**
Excess (shortfall) of income over expenditure	**108 146**	**6 068**	**249 244**	**51 866**	**(100 658)**	**(21 978)**	**9 515**	**136 645**	**—**	**438 848**	**1 036 023**
Non-budgeted accrued income (expenses) for end-of-service and post-retirement benefits	—	—	—	—	—	—	149 340	—	—	149 340	(368 309)
Prior-period adjustments	(11 239)	(3)	(2 241)	(73)	279	—	8 163	2 176	—	(2 938)	(324)
Net excess (shortfall) of income over expenditure	**96 907**	**6 065**	**247 003**	**51 793**	**(100 379)**	**(21 978)**	**167 018**	**138 821**	**—**	**585 250**	**667 390**
Cancellation of prior-period obligations	39 667	—	—	856	3 493	289	—	8 240	—	52 545	51 935
Transfers (to) from other funds	—	(281)	(2 904)	—	—	—	—	2 552	—	(633)	(300)
Transfers (to) from other organizations	—	—	(56 067)	—	—	—	—	—	—	(56 067)	(37 516)
Transfer to construction in progress	—	—	—	—	706 535	33 814	—	—	—	740 349	88 383
Transfer from construction in progress	—	—	—	—	—	(38 407)	—	—	—	(38 407)	(55 184)
Transfer to capital assets	—	—	—	—	(1 156	39 563	—	—	—	38 407	55 184
Refund to donors	—	(7 579)	(27 001)	—	—	—	—	(630)	—	(35 210)	(11 112)
Other adjustments to reserves and fund balances	—	—	941	(53 043)	—	—	—	42 613	—	(9 489)	(1 988 910)
Reserves and fund balances, beginning of period	596 107	247 536	998 118	10 317	524 815	578 797	(2 313 307)	709 470	—	1 351 853	2 581 983
Reserves and fund balances, end of period	**732 681**	**245 741**	**1 160 090**	**9 923**	**1 133 308**	**592 078**	**(2 146 289)**	**901 066**	**—**	**2 628 598**	**1 351 853**

[a] See notes 2 and 3.

[b] The peacekeeping accounts, the United Nations Iraq escrow accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda are reported in separate sets of financial statements. See also note 2 (j).

[c] Comparative figures have been restated to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

United Nations all funds summary[a,b]

Statement II

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	General Fund and related funds (St. V)	*Technical cooperation activities (St. VI)*	*General trust funds (St. VII)*	*Tax Equalization Fund (St. VIII)*	*Capital master plan (St. IX)*	*Capital assets and construction in progress (St. X)*	*End-of-service and post-retirement benefits (St. XI)*	*Other special funds (St. XII)*	*All funds eliminations*	*Total 2009*	*Total 2008*
Assets											
Cash and term deposits	48 757	2 049	1 670	—	41	46	—	962	—	53 525	72 311
Short-term investments	—	—	275	—	—	—	—	5 144	—	5 419[d]	5 648
Long-term investments	—	—	2 088	—	—	—	—	69 266	—	71 354[d]	62 481
Cash pools[c]	919 323	264 179	1 101 932	—	923 905	33 956	—	655 929	—	3 899 224	2 730 863
Assessed contributions receivable from Member States	335 497	—	—	—	21 684	—	—	9 632	—	366 813	573 407
Voluntary contributions receivable	—	—	190 860	—	—	—	—	—	—	190 860	148 165
Inter-fund balances receivable	419 933	168 980	2 360	206 236	52 115	16 858	29 706	174 489	(902 065)	168 612[f]	205 854
Other accounts receivable	103 936	23 198	288 598	64 120	3 600	—	—	84 525	—	567 977	563 576
Other assets	158 858	8 013	11 786	29	103 326	11 603	—	264 314	—	557 929	289 960
Land and buildings	—	—	—	—	—	532 644	—	—	—	532 644	493 081
Construction in progress	—	—	—	—	766 554	25 627	—	—	—	792 181	91 395
Total assets	**1 986 304**	**466 419**	**1 599 569**	**270 385**	**1 871 225**	**620 734**	**29 706**	**1 264 261**	**(902 065)**	**7 206 538**	**5 236 741**
Liabilities											
Contributions or payments received in advance	17 394	—	—	—	120 526	—	—	1 459	—	139 379	21 915
Unliquidated obligations	354 307	40 574	245 606	81 452	542 233	18 408	—	298 580	—	1 581 160	885 740
Inter-fund balances payable	810 411	173 270	1 901	—	40 276	10 115	—	25 759	(902 065)	159 667[f]	177 076
Other accounts payable	70 430	6 800	16 520	179 010	34 882	133	1 773	35 969	—	345 517	315 139
Other liabilities	1 081	34	175 452	—	—	—	—	1 428	—	177 995	153 294
End-of-service and post-retirement liabilities	—	—	—	—	—	—	2 174 222	—	—	2 174 222	2 331 724
Total liabilities	**1 253 623**	**220 678**	**439 479**	**260 462**	**737 917**	**28 656**	**2 175 995**	**363 195**	**(902 065)**	**4 577 940**	**3 884 888**

	General Fund and related funds (St. V)	*Technical cooperation activities (St. VI)*	*General trust funds (St. VII)*	*Tax Equalization Fund (St. VIII)*	*Capital master plan (St. IX)*	*Capital assets and construction in progress (St. X)*	*End-of-service and post-retirement benefits (St. XI)*	*Other special funds (St. XII)*	*All funds eliminations*	*Total 2009*	*Total 2007[c]*
Reserves and fund balances											
Operating reserves	—	—	33 506	—	—	—	—	113 433	—	146 939	123 434
Reserves for allocations	—	—	93 789	—	—	—	—	—	—	93 789	105 134
Balances related to projects funded by donors	—	245 741	—	—	—	—	—	—	—	245 741	247 536
Working capital funds	150 000	—	—	—	45 000	—	—	—	—	195 000	195 000
Capital funds relating to land and buildings	—	—	—	—	—	512 422	—	—	—	512 422	472 859
Authorized retained surplus	68 356	—	—	—	—	—	—	—	—	68 356	68 356
Fund principal from contributions	48 728	—	4 050	—	—	20 222	—	—	—	73 000	73 000
Cumulative surplus	465 597	—	1 028 745	9 923	1 088 308	59 434	—	787 633	—	3 439 640	2 379 841
Cumulative (deficit)-end-of-service and post-retirement benefits	—	—	—	—	—	—	(2 146 289)	—	—	(2 146 289)	(2 313 307)
Total reserves and fund balances	**732 681**	**245 741**	**1 160 090**	**9 923**	**1 133 308**	**592 078**	**(2 146 289)**	**901 066**	**—**	**2 628 598**	**1 351 853**
Total liabilities and reserves and fund balances	**1 986 304**	**466 419**	**1 599 569**	**270 385**	**1 871 225**	**620 734**	**29 706**	**1 264 261**	**(902 065)**	**7 206 538**	**5 236 741**

[a] See notes 2 and 3.

[b] The peacekeeping accounts, the United Nations Iraq escrow accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda are reported in separate sets of financial statements. See also note 2 (j).

[c] Comparative figures have been restated to conform to the current presentation.

[d] Represents investments in bonds, Treasury bills and commercial papers.

[e] See note 2 (m) (iii).

[f] Includes inter-fund loans and balances relating to peacekeeping activities, the United Nations Iraq escrow accounts, the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda which have not been eliminated.

The accompanying notes are an integral part of the financial statements.

Statement III

United Nations all funds summary[a,b]
Statement of cash flows for the biennium ended 31 December 2009

(Thousands of United States dollars)

	General Fund and related funds (St.V)	*Technical cooperation activities (St.VI)*	*General trust funds (St.VII)*	*Tax Equalization Fund (St.VIII)*	*Capital master plan (St.IX)*	*Capital assets and construction in progress (St.X)*	*End-of-service and post-retirement benefits (St.XI)*	*Other special funds (St.XII)*	*All funds eliminations*	*Total 2009*	*Total 2007*
Cash flows from operating activities											
Net excess (shortfall) of income over expenditure (statement I)	96 907	6 065	247 003	51 793	(100 379)	(21 978)	167 018	138 821	—	585 250	667 390
(Increase) decrease in contributions receivable	104 226	—	(42 695)	—	105 903	—	—	(3 535)	—	163 899	(341 718)
(Increase) decrease in inter-fund balances receivable	(2 668)	(2 254)	2 736	(47 543)	(7 236)	36 287	(9 701)	(52 152)	119 773	37 242	(43 484)
(Increase) decrease in other accounts receivable	(1 200)	5 473	17 586	(13 278)	(3 580)	—	—	(9 402)	—	(4 401)	(20 673)
(Increase) decrease in other assets	(51 625)	92	(9 334)	(19)	20 768	(11 603)	—	(216 248)	—	(267 969)	(210 550)
Increase (decrease) in contributions or payments received in advance	2 672	—	—	—	113 333	—	—	1 459	—	117 464	13 116
Increase (decrease) in unliquidated obligations	80 764	(605)	19 530	8 195	369 045	(3 392)	—	221 883	—	695 420	356 498
Increase (decrease) in inter-fund balances payable	62 454	(2 028)	(14 230)	—	29 099	9 819	—	17 250	(119 773)	(17 409)	36 379
Increase (decrease) in other accounts payable	(58 106)	(4 704)	11 269	53 039	28 161	(128)	185	662	—	30 378	39 481
Increase (decrease) in other liabilities	540	(34)	27 725	—	—	—	—	(3 530)	—	24 701	140 265
Increase (decrease) in end-of-service and post-retirement liabilities	—	—	—	—	—	—	(157 502)	—	—	(157 502)	2 331 724
Less: interest income	(46 038)	(14 995)	(68 375)	—	(52 502)	(1 741)	—	(37 926)	—	(221 577)	(250 155)
Net cash flows from operating activities	**187 926**	**(12 990)**	**191 215**	**52 187**	**502 612**	**7 264**	**—**	**57 282**	**—**	**985 496**	**2 718 273**
Cash flows from investing activities											
(Increase) decrease in short-term investments	—	—	106		—	—	—	123	—	229	(2 973)
(Increase) decrease in long-term investments	—	—	(347)	—	—	—	—	(8 526)	—	(8 873)	(13 532)

	General Fund and related funds (St.V)	*Technical cooperation activities (St.VI)*	*General trust funds (St.VII)*	*Tax Equalization Fund (St.VIII)*	*Capital master plan (St.IX)*	*Capital assets and construction in progress (St.X)*	*End-of-service and post-retirement benefits (St.XI)*	*Other special funds (St.XII)*	*All funds eliminations*	*Total 2009*	*Total 2007[c]*
(Increase) decrease in land and buildings	—	—	—	—	—	(39 563)	—	—	—	(39 563)	(55 184)
(Increase) decrease in construction in progress	—	—	—	—	(705 379)	4 593	—	—	—	(700 786)	(33 200)
Interest income	46 038	14 995	68 375	—	52 502	1 741	—	37 926	—	221 577	250 155
Net cash flows from investing activities	**46 038**	**14 995**	**68 134**	**—**	**(652 877)**	**(33 229)**	**—**	**29 523**	**—**	**(527 416)**	**145 266**
Cash flows from financing activities											
Cancellation of prior-period obligations	39 667	—	—	856	3 493	289	—	8 240	—	52 545	51 935
Transfers (to) from other funds	—	(281)	(2 904)	—	—	—	—	2 552	—	(633)	(300)
Transfers (to) from other organizations	—	—	(56 067)	—	—	—	—	—	—	(56 067)	(37 516)
Transfer to construction in progress	—	—	—	—	706 535	33 814	—	—	—	740 349	88 383
Transfer from construction in progress	—	—	—	—	—	(38 407)	—	—	—	(38 407)	(55 184)
Transfer to capital assets	—	—	—	—	(1 156)	39 563	—	—	—	38 407	55 184
Refunds to donors	—	(7 579)	(27 001)	—	—	—	—	(630)	—	(35 210)	(11 112)
Other adjustments to reserves and fund balances	—	—	941	(53 043)	—	—	—	42 613	—	(9 489)	(1 988 910)
Net cash flows from financing activities	**39 667**	**(7 860)**	**(85 031)**	**(52 187)**	**708 872**	**35 259**	**—**	**52 775**	**—**	**691 495**	**(1 897 520)**
Net increase (decrease) in cash and term deposits and cash pools	**273 631**	**(5 855)**	**174 318**	**—**	**558 607**	**9 294**	**—**	**139 580**	**—**	**1 149 575**	**966 019**
Cash and term deposits and cash pools, beginning of period	694 449	272 083	929 284	—	365 339	24 708	—	517 311	—	2 803 174	1 837 155
Cash and term deposits and cash pools, end of period	**968 080**	**266 228**	**1 103 602**	**—**	**923 946**	**34 002**	**—**	**656 891**	**—**	**3 952 749**	**2 803 174**

[a] See note 3.

[b] The peacekeeping accounts, the United Nations Iraq escrow accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda are reported in separate sets of financial statements. See also note 2 (j).

[c] Comparative figures have been restated to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

United Nations General Fund
Statement of appropriations for the biennium ended 31 December 2009

(Thousands of United States dollars)

Appropriation part and section		Appropriations			Expenditures			Unencumbered balance
		Original[a]	Adjustments[b]	Revised[c]	Disbursements	Unliquidated obligations	Total	
Part I. Overall policymaking, direction and coordination								
01	Overall policymaking, direction and coordination	89 216	2 757	91 973	87 243	2 165	89 408	2 565
02	General Assembly affairs and conference services	629 340	36 174	665 514	640 745	14 614	655 359	10 155
	Total	**718 556**	**38 931**	**757 487**	**727 988**	**16 779**	**744 767**	**12 720**
Part II. Political affairs								
03	Political affairs	527 241	435 335	962 576	860 497	87 002	947 499	15 077
04	Disarmament	21 608	660	22 268	21 830	263	22 093	175
05	Peacekeeping operations	101 413	(480)	100 933	94 988	3 992	98 980	1 953
06	Peaceful uses of outer space	7 440	557	7 997	7 823	80	7 903	94
	Total	**657 702**	**436 072**	**1 093 774**	**985 138**	**91 337**	**1 076 475**	**17 299**
Part III. International justice and law								
07	International Court of Justice	41 200	4 750	45 950	44 829	1 029	45 858	92
08	Legal affairs	46 069	1 830	47 899	46 899	1 000	47 899	—
	Total	**87 269**	**6 580**	**93 849**	**91 728**	**2 029**	**93 757**	**92**
Part IV. International cooperation for development								
09	Economic and social affairs	158 385	787	159 172	156 347	1 661	158 008	1 164
10	Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States	5 440	(327)	5 113	4 835	90	4 925	188
11	United Nations support for the New Partnership for Africa's Development	11 642	(2 879)	8 763	8 204	282	8 486	277
12	Trade and development	123 746	4 687	128 433	127 191	1 168	128 359	74
13	International Trade Centre UNCTAD/WTO	28 100	2 713	30 813	30 813	—	30 813	—
14	Environment	13 797	1 228	15 025	14 390	635	15 025	—
15	Human settlements	20 521	1 062	21 583	21 347	236	21 583	—

Appropriation part and section		Appropriations			Expenditures			
		Original[a]	*Adjustments*[b]	*Revised*[c]	*Disbursements*	*Unliquidated obligations*	*Total*	*Unencumbered balance*
16	International drug control, crime prevention and criminal justice	36 819	2 633	39 452	38 355	1 005	39 360	92
	Total	**398 450**	**9 904**	**408 354**	**401 482**	**5 077**	**406 559**	**1 795**
Part V. Regional cooperation for development								
17	Economic and social development in Africa	119 798	(7 546)	112 252	96 403	12 665	109 068	3 184
18	Economic and social development in Asia and the Pacific	83 926	7 441	91 367	88 938	2 429	91 367	—
19	Economic development in Europe	59 917	3 812	63 729	62 820	909	63 729	—
20	Economic and social development in Latin America and the Caribbean	104 445	268	104 713	102 734	1 979	104 713	—
21	Economic and social development in Western Asia	58 107	1 899	60 006	54 826	1 982	56 808	3 198
22	Regular programme of technical cooperation	50 951	583	51 534	43 448	4 854	48 302	3 232
	Total	**477 144**	**6 457**	**483 601**	**449 169**	**24 818**	**473 987**	**9 614**
Part VI. Human rights and humanitarian affairs								
23	Human rights	116 938	1 449	118 387	113 181	3 741	116 922	1 465
24	Protection of and assistance to refugees	73 069	6 936	80 005	79 884	—	79 884	121
25	Palestine refugees	40 728	(735)	39 993	39 355	—	39 355	638
26	Humanitarian assistance	28 492	847	29 339	27 799	1 452	29 251	88
	Total	**259 227**	**8 497**	**267 724**	**260 219**	**5 193**	**265 412**	**2 312**
Part VII. Public information								
27	Public information	184 000	4 531	188 531	183 247	3 612	186 859	1 672
	Total	**184 000**	**4 531**	**188 531**	**183 247**	**3 612**	**186 859**	**1 672**
Part VIII. Common support services								
28A	Office of the Under-Secretary-General for Management	15 003	2 730	17 733	17 538	119	17 657	76
28B	Office of Programme Planning, Budget and Accounts	39 170	(4 789)	34 381	34 083	298	34 381	—
28C	Office of Human Resources Management	70 688	2 845	73 533	67 961	5 266	73 227	306
28D	Office of Central Support Services	236 300	(25 774)	210 526	195 583	14 507	210 090	436
28E	Administration, Geneva	112 185	12 320	124 505	115 949	8 556	124 505	—
28F	Administration, Vienna	39 020	1 339	40 359	38 537	1 816	40 353	6
28G	Administration, Nairobi	27 839	819	28 658	27 685	816	28 501	157

Appropriation part and section	Appropriations			Expenditures			
	Original[a]	Adjustments[b]	Revised[c]	Disbursements	Unliquidated obligations	Total	Unencumbered balance
36 Office of Information and Communications Technology	—	42 650	42 650	36 902	3 950	40 852	1 798
Total	**540 205**	**32 140**	**572 345**	**534 238**	**35 328**	**569 566**	**2 779**
Part IX. Internal oversight							
29 Internal oversight	35 998	(231)	35 767	34 355	586	34 941	826
Total	**35 998**	**(231)**	**35 767**	**34 355**	**586**	**34 941**	**826**
Part X. Jointly financed administrative activities and special expenses							
30 Jointly financed administrative activities	11 459	80	11 539	11 110	—	11 110	429
31 Special expenses	97 012	8 334	105 346	104 544	802	105 346	—
Total	**108 471**	**8 414**	**116 885**	**115 654**	**802**	**116 456**	**429**
Part XI. Capital expenditures							
32 Construction, alteration, improvement and major maintenance	58 783	2 906	61 689	40 407	20 326	60 733	956
Total	**58 783**	**2 906**	**61 689**	**40 407**	**20 326**	**60 733**	**956**
Part XII. Security and safety							
33 Security and safety	197 169	4 286	201 455	198 570	2 885	201 455	—
Total	**197 169**	**4 286**	**201 455**	**198 570**	**2 885**	**201 455**	**—**
Part XIII. Development account							
34 Development account	18 651	7 500	26 151	26 151	—	26 151	—
Total	**18 651**	**7 500**	**26 151**	**26 151**	**—**	**26 151**	**—**
Part XIV. Staff assessment							
35 Staff assessment	465 983	26 320	492 303	492 303	—	492 303	—
Total	**465 983**	**26 320**	**492 303**	**492 303**	**—**	**492 303**	**—**
Grand total	**4 207 608**	**592 307**	**4 799 915**	**4 540 649**	**208 772**	**4 749 421**	**50 494**

[a] Pursuant to General Assembly resolution 62/237 A.

[b] Incorporates changes arising from General Assembly resolutions 62/245, 63/264, 63/268, 63/283 and 64/242, and also incorporates amounts transferred between sections of the budget with the concurrence of the Advisory Committee on Administrative and Budgetary Questions.

[c] Represents final amounts authorized for the biennium 2008-2009, after incorporating all changes.

The accompanying notes are an integral part of the financial statements.

Statement V

United Nations General Fund and related funds[a]
Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	United Nations General Fund	*Working Capital Fund*	*Special Account*	*Eliminations*[b]	*Total 2009*	*Total 2007*[c]
Income						
Assessed contributions[d]	4 780 138	—	—	—	4 780 138	4 181 576
Net revenue-producing activities	3 920[e]	—	—	—	3 920	6 260
Income for services rendered	5 178	—	—	—	5 178	4 337
Interest income	31 304	—	14 734	—	46 038	64 448
Other/miscellaneous income	22 277[f]	—	16	—	22 293	22 886
Total income	**4 842 817**	**—**	**14 750**	**—**	**4 857 567**	**4 279 507**
Expenditure						
Staff and other personnel costs	3 516 845	—	—	—	3 516 845	3 094 017
Travel	110 798	—	—	—	110 798	92 599
Contractual services	155 266	—	—	—	155 266	155 259
Operating expenses	458 454	—	—	—	458 454	391 915
Acquisitions	207 265	—	—	—	207 265	218 841
Other	300 793	—	—	—	300 793	193 647
Total expenditure	**4 749 421**	**—**	**—**	**—**	**4 749 421**	**4 146 278**
Excess (shortfall) of income over expenditure	**93 396**	**—**	**14 750**	**—**	**108 146**	**133 229**
Prior-period adjustments	(11 239)[g]	—	—	—	(11 239)	(633)
Net excess (shortfall) of income over expenditure	**82 157**	**—**	**14 750**	**—**	**96 907**	**132 596**
Cancellation of prior-period obligations	39 667	—	—	—	39 667	45 519
Reserves and fund balances, beginning of period	209 454	150 000	236 653	—	596 107	417 992
Reserves and fund balances, end of period	**331 278**	**150 000**	**251 403**	**—**	**732 681**	**596 107**

Statement V
(concluded)

United Nations General Fund and related funds[a]
Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	United Nations General Fund[b]	*Working Capital Fund*	*Special Account*	*Eliminations*[c]	*Total 2009*	*Total 2007*[e]
Assets						
Cash and term deposits	48 757	—	—	—	48 757	28 565
Cash pool[h]	671 247	—	248 076	—	919 323	665 884
Assessed contributions receivable from Member States[i]	335 497	—	—	—	335 497	439 723
Inter-fund balances receivable	419 934	150 000	—	(150 001)	419 933	417 265
Other accounts receivable	83 971	—	—	—	83 971	82 771
Deferred charges[j]	156 677	—	—	—	156 677	104 614
Other assets	2 181	—	—	—	2 181	2 619
Special account for assessed contributions unpaid pursuant to resolution 3049 C (XXVII)	16 637	—	—	—	16 637	16 637
Due from the Special Account of the United Nations Emergency Force (1956)	—	—	1 932	—	1 932	1 932
Due from the Ad Hoc Account for the United Nations Operation in the Congo	—	—	1 396	—	1 396	1 396
Total assets	**1 734 901**	**150 000**	**251 404**	**(150 001)**	**1 986 304**	**1 761 406**
Liabilities						
Contributions or payments received in advance	17 394	—	—	—	17 394	14 722
Unliquidated obligations — current period	210 749	—	—	—	210 749	182 122
Unliquidated obligations — future periods	143 558	—	—	—	143 558	91 421
Inter-fund balances payable	960 411	—	1	(150 001)	810 411	747 957
Other accounts payable	70 430	—	—	—	70 430	128 536
Other liabilities	1 081	—	—	—	1 081	541
Total liabilities	**1 403 623**	**—**	**1**	**(150 001)**	**1 253 623**	**1 165 299**
Reserves and fund balances						
Working capital funds	—	150 000	—	—	150 000	150 000
Authorized retained surplus	68 356	—	—	—	68 356	68 356

	United Nations General Fund[a]	*Working Capital Fund*	*Special Account*	*Eliminations*[b]	*Total 2009*	*Total 2007*[c]
Fund principal from contributions	—	—	48 728	—	48 728	48 728
Cumulative surplus (deficit)	262 922	—	202 675[k]	—	465 597	329 023
Total reserves and fund balances	**331 278**	**150 000**	**251 403**	**—**	**732 681**	**596 107**
Total liabilities, reserves and fund balances	**1 734 901**	**150 000**	**251 404**	**(150 001)**	**1 986 304**	**1 761 406**

[a] See note 5.
[b] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.
[c] Comparative figures have been restated to conform to the current presentation.
[d] See note 4 for details of assessments and reconciliation to appropriations.
[e] See schedule 5.1.
[f] See schedule 5.2.
[g] Includes write-off of unpaid assessed contribution of $10,499,488 that was due from the former Yugoslavia pursuant to General Assembly resolution 63/249.
[h] Represents share of the United Nations cash pool and comprises cash and term deposits of $233,366,068, short-term investments of $226,947,207 (market value $227,382,821), long-term investments of $454,243,565 (market value $459,495,515) and accrued interest receivable of $4,766,620.
[i] Includes contributions unpaid irrespective of collectibility.
[j] Includes commitments in respect of future periods of $143,558,335.
[k] Net of $3,911,000, appropriated for the United Nations Emergency Force, pursuant to General Assembly resolution 2115 (XX), sect. II.

The accompanying notes are an integral part of the financial statements.

United Nations General Fund
Revenue-producing activities

Schedule 5.1

Schedule of income and expenditure for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Sale of UN postage stamps[a]	*Sale of publications*[b]	*Services to visitors*[c]	*Statistical products*	*Gift Centre*	*Garage operations*[d]	*News-stand operations*	*Catering operations*[e]	*Other commercial operations*[f]	*Total 2009*	*Total 2007*
Income											
Gross sales	14 246	13 114	7 231	1 509	809	2 339	199	1 112	1 546	42 105	46 239
Less: cost of sales	(1 044)	(3 505)	—	—	—	—	—	—	—	(4 549)	(5 220)
Net income from sales	**13 202**	**9 609**	**7 231**	**1 509**	**809**	**2 339**	**199**	**1 112**	**1 546**	**37 556**	**41 019**
Expenditure											
Staff and other personnel costs	8 321	6 631	6 962	365	—	1 409	—	530	320	24 538	26 213
Travel	96	81	1	126	—	—	—	—	8	312	384
Contractual services	7	1 446	76	—	—	—	—	—	13	1 542	1 041
Operating expenses	961	1 362	86	154	—	267	—	891	208	3 929	3 716
Acquisitions	50	60	117	69	—	—	—	13	144	453	573
Promotional costs	554	1 231	186	—	—	—	—	—	—	1 971	1 850
Management fees	—	54	—	—	—	—	—	—	—	54	51
Total expenditure	**9 989**	**10 865**	**7 428**	**714**	**—**	**1 676**	**—**	**1 434**	**693**	**32 799**	**33 828**
Excess of income over expenditure	3 213	(1 256)	(197)	795	809	663	199	(322)	853	4 757	7 191
Less: Salary and common staff costs of Revenue Accounts Unit										(837)	(931)
Net excess of income over expenditure										**3 920**	**6 260**

Schedule of budget estimates for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Sale of UN postage stamps	*Sale of publications*	*Services to visitors*	*Statistical products*	*Gift Centre*	*Garage operations*	*News-stand operations*	*Catering operations*	*Other commercial operations*	*Total 2009*	*Total 2007*
Revised income estimates	2 352	1 385	(74)	662	1 000	679	80	109	867	7 060	4 673
Less: Revenue Accounts Unit										(821)	(884)
Net income estimates										6 239[g]	3 789

[a] Contingent liability: stamps sold are included in revenues, which could be used for mailing in a future period. New policies put in place in 2007 restrict such usage by bulk mailers and thus will reduce the contingent liability of the United Nations, which was previously estimated to be approximately $3.3 million. Until a long-term trend emerges from the implementation of new policies, it is not possible to determine with accuracy the appropriate level of the contingent liability as at 31 December 2009. By its resolution 63/268, the General Assembly decided not to create a reserve for contingent liabilities for postal services.

[b] Includes net loss of $1,135,629 from the United Nations Office at Geneva.

[c] Includes net losses of $193,662 from the United Nations Office at Geneva and $534,156 from the United Nations Office at Vienna.

[d] Includes net loss of $7,000 from the United Nations Office at Geneva and net income of $12,644 from ESCAP.

[e] Includes net income of $2,077 from ESCAP.

[f] Represents net income of $183,555 from ESCAP, $606,689 from ECA, and $62,502 from the United Nations Office in Vienna.

[g] Represents final net income estimates for the biennium 2008-2009 approved by the General Assembly in resolution 64/242 of 24 December 2009.

Schedule 5.2

United Nations General Fund

Schedule of miscellaneous income for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Final estimates for the biennium 2008-2009[a]	*Actual for the biennium 2008-2009*	*Actual for the biennium 2006-2007*
Net income from revenue-producing activities (schedule 5.1)	6 239	3 920	6 260
Income for services rendered	4 138	5 178	4 337
Interest income	31 132	31 304	42 540
Other/miscellaneous income:			
Income from rental of premises	11 116	10 779	11 489
Sale of used equipment	249	2 182	898
Refund of prior years' expenditures	5 566	7 971	7 317
Contributions of non-Member States and new Member States	21	21	19
Other	956	1 324	3 122
Subtotal other/miscellaneous income	17 908	22 277	22 845
Total miscellaneous income	**59 417**	**62 679**	**75 982**

[a] Represents amounts approved by the General Assembly in resolution 64/242.

Technical cooperation activities[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	United Nations	*ECA*	*ESCAP*	*ECE*	*ECLAC*	*ESCWA*	*UNCTAD*	*UN-Habitat*	*Total 2009*	*Total 2007*[b]
Income										
Voluntary contributions	118 819	40 204	19 452	15 556	29 951	382	59 005	—	283 369	254 518
Funds received under inter-organization arrangements	7 681	1 902	313	744	3 071	1 538	8 396	—	23 645	29 544
Allocations from other funds[c]	19 459	8 941	5 230	3 243	5 550	4 056	1 883	1 319	49 681	46 506
Interest income	7 353	874	1 948	718	987	276	2 839	—	14 995	22 738
Other miscellaneous income	149	38	—	51	402	—	202	—	842	1 646
Total income	**153 461**	**51 959**	**26 943**	**20 312**	**39 961**	**6 252**	**72 325**	**1 319**	**372 532**	**354 952**
Expenditure										
Staff and other personnel costs	128 908	12 641	13 019	9 171	21 226	4 443	43 390	1 204	234 002	198 123
Travel	4 212	2 147	1 537	2 885	4 343	621	10 629	86	26 460	22 614
Contractual services	7 242	1 535	8 030	2 983	714	597	3 773	1	24 875	17 363
Operating expenses	1 531	390	804	145	1 209	165	630	16	4 890	4 423
Acquisitions	4 063	482	254	15	232	1 513	2 618	12	9 189	9 979
Other	10 730	7 084	5 347	1 401	4 212	1 047	6 246	—	36 067	33 455
Total project costs	**156 686**	**24 279**	**28 991**	**16 600**	**31 936**	**8 386**	**67 286**	**1 319**	**335 483**	**285 957**
Programme support costs	14 304	1 819	2 417	1 619	2 919	323	7 580	—	30 981	26 908
Total expenditure	**170 990**	**26 098**	**31 408**	**18 219**	**34 855**	**8 709**	**74 866**	**1 319**	**366 464**	**312 865**
Excess (shortfall) of income over expenditure	**(17 529)**	**25 861**	**(4 465)**	**2 093**	**5 106**	**(2 457)**	**(2 541)**	—	**6 068**	**42 087**
Prior-period adjustments	(53)	50	—	—	—	—	—	—	(3)	(13)
Net excess (shortfall) of income over expenditure	**(17 582)**	**25 911**	**(4 465)**	**2 093**	**5 106**	**(2 457)**	**(2 541)**	—	**6 065**	**42 074**
Transfers (to) from other funds	(315)	25	—	—	9	—	—	—	(281)	(58)
Refund to donors	(2 725)	(1 039)	(355)	(94)	(642)	(623)	(2 101)	—	(7 579)	(3 968)
Reserves and fund balances, beginning of period	124 007	6 276	33 607	11 673	14 491	5 535	51 947	—	247 536	209 488
Reserves and fund balances, end of period	**103 385**	**31 173**	**28 787**	**13 672**	**18 964**	**2 455**	**47 305**	—	**245 741**	**247 536**

Technical cooperation activities[a]

Statement VI (concluded)

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	United Nations	*ECA*	*ESCAP*	*ECE*	*ECLAC*	*ESCWA*	*UNCTAD*	*UN-Habitat*	*Total 2009*	*Total 2007*[b]
Assets										
Cash and term deposits	714	—	1 163	—	62	—	110	—	2 049	2 230
Offices away from Headquarters cash pools[d]	—	36 242	34 443	15 539	20 956	3 283	49 909	—	160 372	137 183
Cash pool[e]	103 807	—	—	—	—	—	—	—	103 807	132 670
Inter-fund balances receivable	131 584	35 795	126	46	678	367	384	—	168 980	166 726
Receivable from funding sources	2 323	348	521	24	—	—	1 618	—	4 834	4 711
Other accounts receivable	16 530	86	38	60	47	—	1 603	—	18 364	23 960
Deferred charges	5 736	—	18	72	856	—	1 331	—	8 013	8 105
Total assets	**260 694**	**72 471**	**36 309**	**15 741**	**22 599**	**3 650**	**54 955**	**—**	**466 419**	**475 585**
Liabilities										
Unliquidated obligations — prior periods	6	677	—	—	—	137	1	—	821	2 347
Unliquidated obligations — current period	14 619	3 383	6 344	1 787	1 739	213	4 041	—	32 126	31 164
Unliquidated obligations — future periods	5 456	—	—	60	855	—	1 256	—	7 627	7 668
Inter-fund balances payable	134 603	37 009	25	71	6	—	1 556	—	173 270	175 298
Payables due to funding sources	1 229	—	—	—	302	731	341	—	2 603	7 301
Deferred income	—	—	—	1	—	—	—	—	1	—
Other accounts payable	1 363	229	1 153	150	733	114	455	—	4 197	4 203
Other liabilities	33	—	—	—	—	—	—	—	33	68
Total liabilities	**157 309**	**41 298**	**7 522**	**2 069**	**3 635**	**1 195**	**7 650**	**—**	**220 678**	**228 049**
Reserves and fund balances										
Extrabudgetary funds relating to projects funded by donors	103 385	31 173	28 787	13 672	18 964	2 455	47 305	—	245 741	247 536
Total reserves and fund balances	**103 385**	**31 173**	**28 787**	**13 672**	**18 964**	**2 455**	**47 305**	**—**	**245 741**	**247 536**
Total liabilities and reserves and fund balances	**260 694**	**72 471**	**36 309**	**15 741**	**22 599**	**3 650**	**54 955**	**—**	**466 419**	**475 585**

[a] See notes 2 (o) and 6.

[b] Comparative figures have been restated to conform to the current presentation.

[c] Represents expenditures under sections 22 and 35 of the regular budget (see statement IV) of $48,300,559 and $1,231,936, respectively, and allocations from general trust funds of $148,903.

[d] Represents share of the United Nations offices away from Headquarters cash pools and comprises cash and term deposits of $53,788,698, short-term investments of $41,492,711 (market value $41,720,178), long-term investments of $64,236,533 (market value $65,085,688) and accrued interest receivable of $854,305.

[e] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $26,351,030, short-term investments of $25,626,230 (market value $25,675,419), long-term investments of $51,291,886 (market value $51,884,921) and accrued interest receivable of $538,233.

The accompanying notes are an integral part of the financial statements.

United Nations general trust funds[a]

Statement VII

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Political affairs	*International justice and law*	*Economic and social development*	*Human rights and humanitarian affairs*	*Public information*	*Common support and miscellaneous*	*United Nations Office for Partnerships*[b]	*Eliminations*[c]	*Total 2009*	*Total 2007*[d]
Income										
Voluntary contributions	184 422	53 268	49 503	1 775 317	2 757	20 107	140 216	—	2 225 590	1 801 327
Funds received under inter-organization arrangements	14 258	55	1 911	29 879	317	66	—	—	46 486	45 387
Allocations from other funds	586	—	—	874	—	—	—	(874)	586	1 676
Interest income	11 935	2 628	2 401	46 824	506	1 273	2 808	—	68 375	90 771
Other/miscellaneous income[e]	3 774	74	1 689	77 588	2 117	631	15 048	—	100 921	90 844
Total income	**214 975**	**56 025**	**55 504**	**1 930 482**	**5 697**	**22 077**	**158 072**	**(874)**	**2 441 958**	**2 030 005**
Expenditure										
Staff and other personnel costs	34 784	6 051	25 014	412 228	3 012	5 951	956	—	487 996	384 762
Travel	15 190	1 912	5 443	54 257	390	1 986	184	—	79 362	62 918
Contractual services	13 775	637	2 800	148 821	925	577	1 803	—	169 338	114 899
Operating expenses	27 572	618	2 104	74 128	1 219	584	74	—	106 299	73 180
Acquisitions	14 306	70	417	39 585	33	362	6	—	54 779	38 027
Other	25 748	1 812	7 411	923 680[f]	3	36	151 814	(874)	1 109 630	981 507
Programme support costs (implementing partners)	811	—	506	66 123	—	—	—	—	67 440	47 832
Total direct expenditure	**132 186**	**11 100**	**43 695**	**1 718 822**	**5 582**	**9 496**	**154 837**	**(874)**	**2 074 844**	**1 703 125**
Programme support costs (United Nations)	9 685	1 277	3 367	101 976	691	673	201	—	117 870	87 200
Total expenditure	**141 871**	**12 377**	**47 062**	**1 820 798**	**6 273**	**10 169**	**155 038**	**(874)**	**2 192 714**	**1 790 325**
Excess (shortfall) of income over expenditure	**73 104**	**43 648**	**8 442**	**109 684**	**(576)**	**11 908**	**3 034**	**—**	**249 244**	**239 680**
Prior-period adjustments	(17)	—	(246)	(1 404)[g]	—	21	(595)[h]	—	(2 241)	698
Net excess (shortfall) of income over expenditure	**73 087**	**43 648**	**8 196**	**108 280**	**(576)**	**11 929**	**2 439**	**—**	**247 003**	**240 378**
Transfers (to) from other funds	(1 024)[i]	1 298	210	—	54	(1 634)	(1 808)[j]	—	(2 904)	63 418
Transfers (to) from other organizations	(3 052)	(53 015)[k]	—	—	—	—	—	—	(56 067)	(37 516)
Refunds to donors	(16 195)	—	(458)	(9 552)	(189)	(405)	(202)	—	(27 001)	(7 143)
Other adjustments to reserve and fund balances	—	—	—	—	941[l]	—	—	—	941	—
Reserves and fund balances, beginning of period	153 042	17 331	36 666	746 679	6 716	17 093	20 591	—	998 118	738 981
Reserves and fund balances, end of period	**205 858**	**9 262**	**44 614**	**845 407**	**6 946**	**26 983**	**21 020**	**—**	**1 160 090**	**998 118**

United Nations general trust funds[a]

Statement VII (concluded)

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	Political affairs	*International justice and law*	*Economic and social development*	*Human rights and humanitarian affairs*	*Public information*	*Common support and miscellaneous*	*United Nations Office for Partnerships*[b]	*Eliminations*[c]	*Total 2009*	*Total 2007*[d]
Assets										
Cash and term deposits	1	4	233	1 217	100	90	25	—	1 670	2 351
Short-term investments	—	—	—	—	—	275[m]	—	—	275	381
Long-term investments	—	—	—	—	—	2 088[m]	—	—	2 088	1 741
Offices away from Headquarters cash pools[n]	4 005	97	10 237	359 778	—	9 589	—	—	383 706	304 917
Cash pool[o]	211 891	11 885	37 920	415 451	7 612	17 237	16 230	—	718 226	622 016
Voluntary contributions receivable	4 983	128	1 850	183 160	2	737	—	—	190 860	148 165
Inter-fund balances receivable	2 314	21	—	—	23	2	—	—	2 360	5 096
Other accounts receivable	3 240	14	194	29 411	—	128	5 131	(2 568)	35 550	54 517
Other assets	44	—	67	11 603	—	72	—	—	11 786	2 452
Advances to implementing partners	7 822	—	10	199 982	—	174	45 060	—	253 048	251 667
Total assets	**234 300**	**12 149**	**50 511**	**1 200 602**	**7 737**	**30 392**	**66 446**	**(2 568)**	**1 599 569**	**1 393 303**
Liabilities										
Unliquidated obligations — current period	14 915	503	1 955	171 433	233	555	45 237	—	234 831	224 442
Unliquidated obligations — future periods	—	—	—	10 775	—	—	—	—	10 775	1 634
Inter-fund balances payable	418	10	130	836	3	333	171	—	1 901	16 131
Other accounts payable	5 682	2 212	406	10 443	94	233	18	(2 568)	16 520	5 251
Deferred income	7 427	162	3 406	161 708	461	2 288	—	—	175 452	147 727
Total liabilities	**28 442**	**2 887**	**5 897**	**355 195**	**791**	**3 409**	**45 426**	**(2 568)**	**439 479**	**395 185**
Reserves and fund balances										
Operating reserves	910	16	1 028	31 418	—	134	—	—	33 506	28 438
Reserves for allocations	8 126	—	889	84 600	—	174	—	—	93 789	105 134
Fund principal from contributions	—	—	—	2 000	1 000	1 050	—	—	4 050	4 050
Cumulative surplus (deficit)	196 822	9 246	42 697	727 389	5 946	25 625	21 020	—	1 028 745	860 496
Total reserves and fund balances	**205 858**	**9 262**	**44 614**	**845 407**	**6 946**	**26 983**	**21 020**	**—**	**1 160 090**	**998 118**
Total liabilities and reserves and fund balances	**234 300**	**12 149**	**50 511**	**1 200 602**	**7 737**	**30 392**	**66 446**	**(2 568)**	**1 599 569**	**1 393 303**

[a] See note 7.
[b] See note 7 (c).
[c] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.
[d] Comparative figures have been restated to conform to the current presentation.
[e] Includes cancellation of prior-period obligations.
[f] Includes grants funded from the Central Emergency Response Fund and the United Nations Fund for International Partnership Resources.
[g] Includes a net adjustment of prior-period expenditures of $453,825 reported by implementing partners of the Central Emergency Response Fund and adjustment of a prior-period pledge of $419,300 in the Trust Fund for the Strengthening of the Office of the Emergency Relief Coordinator.
[h] Represents a net adjustment of prior-period expenditures reported by implementing partners.
[i] Includes transfer of fund balance of $1,145,802 from the Trust Fund for the Implementation of the Ottawa Convention on Landmines to the United Nations special accounts for conferences and conventions (schedule 12.5).
[j] Includes transfer of $1,820,480 to the United Nations Fund for International Partnerships Special Account for Administrative Cost Recoveries (schedule 12.2).
[k] Represents transfer from the Trust Fund for the Special Tribunal for Lebanon to the Special Tribunal for Lebanon.
[l] Represents the fund balance as at 31 December 2007 of the Trust Fund for Government contributions to United Nations Information Centres which, with effect from 1 January 2008, is included in this statement.
[m] The market value of short-term investments is $286,318 and the market value of long-term investments is $2,376,084.
[n] Represents share of the United Nations offices away from Headquarters cash pools and comprises cash and term deposits of $128,694,572, short-term investments of $99,275,257 (market value $99,819,493), long-term investments of $153,692,013 (market value $155,723,695) and accrued interest receivable of $2,044,006.
[o] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $182,286,410, short-term investments of $177,329,320 (market value $177,617,809), long-term investments of $354,875,403 (market value $358,969,498) and accrued interest receivable of $3,734,529.

The accompanying notes are an integral part of the financial statements.

United Nations general trust funds

Schedule 7.1

Schedule of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Political affairs				
Trust Fund for the United Nations Guard Contingent	711	46	167	590
Trust Fund for Iraq-Kuwait Border Issues	4 072	318	541	3 849
United Nations Disarmament Information Programme	328	203	190	341
United Nations Centre for Disarmament: Geneva Research and Reference Collection Trust Fund	50	3	12	41
United Nations Institute for Disarmament Research	1 667	4 901	5 525	1 043
Trust Fund for the United Nations Programme on Space Applications	1 278	2 384	1 391	2 271
Trust Fund for the Promotion of Peace	6	—	6	—
United Nations Regional Centre for Peace and Disarmament in Africa	1 125	290	636	779
Trust Fund for the United Nations Regional Centre for Peace, Disarmament and Development in Latin America	1 251	2 144	2 091	1 304
Trust Fund for Global and Regional Disarmament Activities	1 781	8 083	4 849	5 015
Trust Fund for the United Nations Regional Centre for Peace and Disarmament in Asia and the Pacific	300	571	311	560
Trust Fund of the United Nations Standing Advisory Committee on Security Questions in Central Africa	30	7	27	10
Trust Fund in Support of Political Affairs	21 759	27 448	16 283	32 924
Trust Fund for Publicity against Apartheid	314	12	326	—
Trust Fund for Special Projects of the Special Committee against Apartheid	34	—	34	—
United Nations Trust Fund for Electoral Observation	860	3 945	2 720	2 085
Trust Fund to Finance Third World Observers to the South African Elections	305	—	305	—
Trust Fund for the Guatemala Peace Process	2 257	95	675	1 677
Trust Fund for Negotiations to Find a Comprehensive Settlement of the Georgian/Abkhaz Conflict	682	44	306	420
Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia/Eritrea Border	4 603	556	1 328	3 831
Trust Fund for the Settlement of the Question of East Timor	13 708	696	7 838	6 566
Trust Fund in Support of the Activities of the United Nations Peacebuilding Support Office in Guinea-Bissau	128	141	(165)	434
Trust Fund in Support of the Activities of the Committee on the Exercise of the Inalienable Rights of the Palestinian People	29	1	—	30
Trust Fund for Updating the Repertoire of the Practice of the Security Council	522	62	184	400
Trust Fund in Support of the Security Council Committee established pursuant to resolution 864 (1993)	452	—	452	—
Trust Fund to Support the Peace Process in Ethiopia and Eritrea	1 147	74	99	1 122

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund for Peacebuilding in Somalia	2 429	1 417	2 018	1 828
Trust Fund for Somalia-Unified Command	349	23	—	372
Trust Fund in Support of the Implementation of the Agreement on a Ceasefire and Separation of Forces Signed in Moscow on 14 May 1994	1 046	398	1 042	402
Trust Fund for the Police Assistance Programme in Bosnia and Herzegovina	717	34	459	292
Trust Fund for Children and Armed Conflict	1 473	417	1 052	838
Trust Fund to Support United Nations Peacekeeping-related Efforts in Sierra Leone	441	154	341	254
Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities	5 929	2 707	1 542	7 094
United Nations Trust Fund for Training for the Transition Assistance Group	131	5	136	—
Trust Fund for Peacemaking Activities of the Secretary-General	206	25	17	214
Trust Fund for Assistance to the Special Representative of the Secretary-General for Burundi	291	20	—	311
Trust Fund in Support of the Department of Peacekeeping Operations	4 745	11 007	10 281	5 471
Trust Fund for the International Commission of Inquiry of Arms Flow in the Great Lakes Region of Central Africa	470	—	470	—
Trust Fund for the United Nations Special Coordinator in the Occupied Territories	108	10	14	104
Trust Fund in Support of the Activities of the Secretary-General's Special Representative to the Great Lakes Region of Central Africa	1 093	74	—	1 167
Trust Fund for the Rapidly Deployable Mission Headquarters	897	60	—	957
Trust Fund for Preventive Action	3 712	308	1 975	2 045
Trust Fund for the Consolidation of Peace through Practical Disarmament Measures	240	79	233	86
Trust Fund for the Implementation of the Ottawa Convention on Landmines	1 146	—	1 146	—
Trust Fund to Support the Peace Process in the Democratic Republic of the Congo	1 071	8 168	2 708	6 531
Trust Fund to Support the United Nations Interim Administration in Kosovo	1 684	72	758	998
Trust Fund for Afghanistan	586	39	—	625
Trust Fund for the Promotion of Social and Economic Development in Afghanistan	29	10 971	10 949	51
Trust Fund to Support the Ituri Pacification Commission	6	—	—	6
Trust Fund to Support the Distinct Entity Created to Provide Security for the United Nations Presence in Iraq	1 558	6 118	7 247	429
United Nations Democracy Trust Fund	55 597	39 474	37 504	57 567
Trust Fund in Support of the Political Transition in Haiti	—	244	193	51
Trust Fund in Support of the Peace Process in the Sudan	35	3 074	1 684	1 425
Trust Fund for the African Union-United Nations Joint Mediation Support Team for Darfur	4 347	12 929	4 536	12 740
Trust Fund for the Support of the Activities of the United Nations Mission in the Central African Republic and Chad	3 307	22 976	19 780	6 503
Trust Fund to Support Lasting Peace in Darfur	—	263	—	263
Trust Fund for the Peacebuilding Support Office	—	5 805	1 704	4 101

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund in Support of the United Nations Register of Damage	—	2 180	482	1 698
Trust Fund for the Global Initiative on Biotechnology Security	—	509	273	236
Trust Fund for Counter-Terrorism	—	3 244	352	2 892
Trust Fund in Support of the African Union Mission to Somalia	—	29 088	7 552	21 536
Trust Fund in Support of the Somali Transitional Security Institutions	—	1 058	315	743
Trust Fund in Support of the Construction of the United Nations Compound in Baghdad, Iraq	—	1	(735)	736
Subtotal — Political affairs	**153 042**	**214 975**	**162 159**	**205 858**
International justice and law				
Trust Fund for the United Nations Programme of Assistance in the Teaching, Study, Dissemination and Wider Appreciation of International Law	730	444	249	925
United Nations Commission on International Trade Law Symposiums	223	75	155	143
Seminar on International Law	120	169	199	90
Trust Fund to Assist States in the Judicial Settlement of Disputes through the International Court of Justice	2 459	331	—	2 790
Trust Fund on the Voluntary Fund to Grant Travel Assistance to Developing Countries Members of the United Nations Commission on International Trade Law	3	33	25	11
Trust Fund for the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda	1 429	1 340	1 583	1 186
Trust Fund to Assist States in the Settlement of Disputes through the International Tribunal for the Law of the Sea	107	35	—	142
Trust Fund to Assist Developing States in Attending Meetings of the Informal Consultative Process on Oceans and the Law of the Sea	42	89	74	57
Trust Fund to Assist Developing States in the Preparation of Submissions to the Commission on the Limits of the Continental Shelf	2 398	229	1 835	792
Trust Fund to Assist Members of the Commission on the Limits of the Continental Shelf from Developing States to Participate in its Meetings	612	452	436	628
Trust Fund for the Repertory of Practice of United Nations Organs	34	47	13	68
Trust Fund for the Office of Legal Affairs to Support the Promotion of International Law	630	181	380	431
Voluntary Fund to Support the Activities of the International Tribunal Established by Security Council Resolution 827 (1993)	3 291	1 705	3 472	1 524
Trust Fund for the Special Tribunal for Lebanon	5 253	50 130	55 380	3
Trust Fund on the backlog relating to the Yearbook of the International Law Commission	—	16	—	16
Trust Fund to Support the Coordination and Coherence of the Rule of Law Activities of the United Nations System	—	749	293	456
Subtotal — International justice and law	**17 331**	**56 025**	**64 094**	**9 262**
Economic and social development				
Trust Fund for Development Planning and Projections	263	28	102	189
United Nations Research Institute for Social Development	1 922	8 343	8 353	1 912

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund for Ageing	270	55	21	304
United Nations Youth Fund	215	148	73	290
Trust Fund for the Financing of the Implementation of the Convention on Long-range Transboundary Air Pollution	3 331	6 356	6 084	3 603
Trust Fund for the ECE Study on Long-term European Timber Trends and Prospects	114	87	154	47
United Nations Voluntary Fund on Disability	944	350	473	821
Trust Fund for Statistical Development and Capacity-Building	1 971	210	896	1 285
Trust Fund for the International Research and Training Institute for the Advancement of Women	3 929	13 329	6 379	10 879
United Nations/ECE Trust Fund on Human Settlements	558	1 171	330	1 399
Trust Fund for the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting	9	—	—	9
Trust Fund for International Cooperation for Development	920	68	177	811
Trust Fund for the Implementation of the Beijing Declaration and Platform for Action	4 157	2 791	1 782	5 166
Trust Fund for Case Studies on the Functioning of the Operational Activities for Development of the United Nations System	379	109	228	260
Policy Analysis on Transnational Corporations	64	4	6	62
Trust Fund for United Nations Electronic Data Interchange for Administration, Commerce and Transport	112	37	45	104
Trust Fund for the ECE Project Energy Efficiency 2000	38	3	19	22
United Nations Trust Fund on Family Activities	539	36	3	572
Trust Fund for Population and Development	400	527	556	371
Trust Fund for Assistance to Countries in Transition	151	20	35	136
Trust Fund for the Follow-up to the World Summit for Social Development	1 153	151	165	1 139
Trust Fund for ECE Follow-up Activities of the Fourth World Conference on Women	21	3	15	9
Trust Fund for Environmental Performance Reviews and the "Environment for Europe"	481	362	366	477
Trust Fund for Supporting ECE Regional Conferences and Meetings, including Preparatory Meetings for Global Conferences	6	6	10	2
Trust Fund for Support of the Work of the Commission on Sustainable Development	2 233	1 380	2 526	1 087
Trust Fund for Support of the Activities of the Office of the Special Adviser on Africa to the New Partnership for Africa's Development and the Tokyo International Conference on the African Development Process	273	135	28	380
Trust Fund for the Alliance of Civilizations	3 164	5 207	6 233	2 138
Trust Fund to Support Activities for the Follow-up to the International Conference on Financing for Development	469	569	568	470
Global Compact Trust Fund	3 134	8 414	7 085	4 463
Trust Fund for the Participation of all States including Least Developed Countries, in Activities Related to the Special Session of the General Assembly on HIV/AIDS	72	4	76	—

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund in Support of the United Nations Forum on Forests	3 117	1 668	2 292	2 493
Trust Fund in Support of Activities undertaken by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States	783	767	370	1 180
Trust Fund on Indigenous Issues	565	831	775	621
Trust Fund for the Support of Activities related to the Preparation and Organization of the International Ministerial Meeting of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation and to its follow-up	152	907	386	673
Trust Fund for the Annual Ministerial Review and the Development Cooperation Forum	406	1 408	693	1 121
Trust Fund to Support the United Nations Response to Climate Change	332	19	242	109
Trust Fund in Support of the United Nations Non-Governmental Organization Informal Regional Network	19	1	10	10
Subtotal — Economic and social development	**36 666**	**55 504**	**47 556**	**44 614**
Human rights and humanitarian affairs				
Afghanistan Emergency Trust Fund	7 997	170	7 018	1 149
Emergency Trust Fund for Humanitarian Assistance for Iraq, Kuwait and the Iraq-Turkey and Iraq-Iran Border Areas	459	30	9	480
Trust Fund for the Strengthening of the Emergency Relief Coordinator (OCHA)	29 132	83 875	97 255	15 752
Committee on the Elimination of Racial Discrimination	457	22	2	477
Programme of the Decade for Action to Combat Racism and Racial Discrimination	759	971	899	831
United Nations Voluntary Fund for Victims of Torture	15 859	23 194	21 949	17 104
United Nations Voluntary Fund for Indigenous Populations	1 408	641	1 015	1 034
Voluntary Fund for Advisory Services and Technical Assistance in the Field of Human Rights	8 729	38 316	27 713	19 332
Trust Fund for Disaster Relief	178 857	440 900	400 694	219 063
Trust Fund for Disaster Reduction	15 290	47 424	51 024	11 690
Sasakawa Disaster Prevention Award Endowment Fund	2 275	141	119	2 297[b]
United Nations Trust Fund for Contemporary Forms of Slavery	534	1 873	794	1 613
Trust Fund for the Human Rights Education Programme in Cambodia	2 132	769	1 439	1 462
Cambodia Trust Fund	1 186	79	—	1 265
Trust Fund for Humanitarian Relief in Iraq	2 063	140	(67)	2 270
Trust Fund for Support to the Activities of the Centre for Human Rights	51 639	187 873	147 094	92 418
Trust Fund for Rwanda	200	—	200	—
Voluntary Trust Fund for Assistance in Mine Clearance	80 184	186 902	189 503	77 583
Central Emergency Response Fund	173 737	871 765	812 006	233 496
Trust Fund for Tsunami Disaster Relief	14 400	936	10 127	5 209

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund for Human Security	159 382	42 748	63 081	139 049
Voluntary Fund for Participation in the Universal Periodic Review	—	1 474	180	1 294
Voluntary Fund for Financial and Technical Assistance for the Implementation of the Universal Periodic Review	—	239	(300)	539
Subtotal — Human rights and humanitarian affairs	**746 679**	**1 930 482**	**1 831 754**	**845 407**
Public information				
Trust Fund for Economic and Social Information	1 028	591	755	864
Trust Fund for Public Awareness on Disarmament Issues	1 186	80	151	1 115[c]
Development Forum Trust Fund	3 237	2 296	2 424	3 109
Trust Fund for Expanding Public Information Activities in Japan	100	486	391	195
Trust Fund for Information Support for African Economic Recovery and Development	21	2	—	23
Trust Fund for Jointly Financed Information Projects	296	334	322	308
United Nations Trust Fund for Education and Communication	837	51	691	197
Trust Fund to Support Public Information and Related Efforts in United Nations Peacekeeping Operations	11	1	12	—
Trust Fund for Government Contributions to United Nations Information Centres	—	1 856	721	1 135
Subtotal — Public information	**6 716**	**5 697**	**5 467**	**6 946**
Common support and miscellaneous				
Trust Fund for Assistance in the Training of United Nations Staff in the French Language	21	4	7	18
Meditation Room Gifts from New York City	14	1	—	15
Sculpture in Memory of Hammarskjöld, Grant by the Blaustein Foundation	19	1	—	20
Trust Fund for German Language Translation	475	3 202	3 250	427
Library Endowment Fund	2 186	238	147	2 277[d]
Personal and Real Property Willed to the United Nations	6 695	803	1 418	6 080
Hamish Brown Fellowship Fund	3	—	—	3
The Special (Ralph Bunche) Account for the Secretary-General for Purposes Related to Peace and Security	270	18	—	288
United Nations Philatelic Museum	4	—	4	—
Trust Fund for the Gilberto Amado Memorial Lecture	7	—	5	2
Trust Fund for the Restoration and Maintenance of the Peace Bell	33	2	—	35
Trust Fund for Staff Health Promotion	33	3	—	36
Trust Fund for Assistance with Field Mission Transport Management	52	3	—	55
Secretariat News Trust Fund	146	10	31	125
Trust Fund for Activities related to Administrative and Budgetary Aspects of Peacekeeping Operations	1	—	1	—
Trust Fund for the Special Projects of the Secretary-General	362	22	103	281
Trust Fund for United Nations Reform	3 896	412	2 717	1 591

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Sheikh Ashmawi Trust Fund	1	—	1	—
Trust Fund for Security of Staff Members of the United Nations System	2 059	433	796	1 696
Trust Fund for the Millennium Assembly and the Millennium Summit of the United Nations	167	425	248	344
United Nations Trust Fund for Enhancing Professional Capacity in Internal Oversight Functions	52	4	—	56
Trust Fund for Headquarters Refurbishment of the Auditorium	102	7	—	109
Trust Fund to Support Management and Reform Activities	13	11	—	24
Trust Fund to Support Programmes on HIV/AIDS and Peacekeeping	199	25	210	14
Trust Fund to Strengthen the Organization's Integrity Infrastructure	5	—	5	—
Trust Fund for the International Year of Sport and Physical Education 2005	19	3	—	22
Trust Fund for Sports for Development and Peace	—	2 128	1 496	632
Trust Fund for the United Nations Office at Geneva Local Support Services	259	275	393	141
Special Fund for Support of the Joint Inspection Unit Activities	—	104	20	84
Trust Fund for Climate Change Support	—	2 153	1 228	925
Trust Fund for the Implementation of the High-level Committee on Management Plan of Action for the Harmonization of Business Practices in the United Nations System	—	8 821	2	8 819
Trust Fund to Support the Global Impact and Vulnerability Alert System	—	2 869	105	2 764
Trust Fund in Support of General Assembly and Conference Management Activities	—	100	—	100
Subtotal — Common support and miscellaneous	**17 093**	**22 077**	**12 187**	**26 983**
United Nations Office for Partnerships				
United Nations Fund for International Partnerships	20 591	157 548	157 515	20 624
Trust Fund for Partnerships	—	524	128	396
Subtotal — United Nations Office for Partnerships	**20 591**	**158 072**	**157 643**	**21 020**
Total (statement VII)	**998 118**	**2 442 832**	**2 280 860**	**1 160 090**

[a] Represents:

Expenditure	2 192 714
Expenditure elimination	874
Prior-period adjustments	2 241
Transfers to (from) other funds	2 904
Transfers to (from) other organizations	56 067
Refunds to donors	27 001
Other adjustments to reserve and fund balances	(941)
Total	**2 280 860**

[b] Includes permanent endowment of $2,000,000.
[c] Includes permanent endowment of $1,000,000.
[d] Includes permanent endowment of $1,049,588.

Statement VIII

United Nations Tax Equalization Fund[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	United States of America	*Other Member States*	*Total 2009*	*Total 2007*
Income				
Staff assessment receipts from:				
United Nations regular budget[b]	109 199	387 160	496 359	440 048
Peacekeeping operations	91 029	259 590	350 619	252 258
International Tribunals	16 035	50 828	66 863	60 515
Total income	**216 263**	**697 578**	**913 841**	**752 821**
Expenditure				
Estimated reimbursements to staff members subject to United States income taxes for tax years 2008 and 2009				
Federal income taxes	99 222	—	99 222	88 919
State income taxes	28 577	—	28 577	25 406
City income taxes	8 800	—	8 800	8 618
Social Security taxes	21 710	—	21 710	18 944
Reimbursements and adjustments relating to prior tax years	4 236	—	4 236	5 985
Subtotal	**162 545**	**—**	**162 545**	**147 872**
Credits given to other Member States for:[c]				
United Nations regular budget	—	401 549	401 549	358 141
Peacekeeping operations	—	250 793	250 793	179 307
International Tribunals	—	45 630	45 630	39 079
Subtotal	**—**	**697 972**	**697 972**	**576 527**
Staff costs and others	1 458	—	1 458	1 327
Total expenditure	**164 003**	**697 972**	**861 975**	**725 726**
Excess (shortfall) of income over expenditure	**52 260**	**(394)**	**51 866**	**27 095**
Prior-period adjustments	(73)	—	(73)	(86)
Net excess (shortfall) of income over expenditure	**52 187**	**(394)**	**51 793**	**27 009**
Cancellation of prior-period obligations	856	—	856	6
Other adjustments to reserves and fund balances	(53 043)[d]	—	(53 043)	(28 671)
Reserves and fund balances, beginning of period	—	10 317	10 317	11 973
Reserves and fund balances, end of period	—[e]	**9 923**	**9 923**	**10 317**

Statement VIII
(concluded)

United Nations Tax Equalization Fund[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	United States of America	*Other Member States*	*Total 2009*	*Total 2007*
Assets				
Outstanding estimated tax advances	50 285	—	50 285	47 446
Inter-fund balances receivable	196 313	9 923	206 236	158 693
Other accounts receivable	13 835	—	13 835	3 396
Deferred charges	29	—	29	10
Total assets	**260 462**	**9 923**	**270 385**	**209 545**
Liabilities				
Unliquidated obligations-current period	81 452	—	81 452	73 257
Accounts payable to Member States	179 010	—	179 010	125 967
Other accounts payable	—	—	—	4
Total liabilities	**260 462**	**—**	**260 462**	**199 228**
Reserves and fund balances				
Cumulative surplus	—	9 923	9 923	10 317
Total reserves and fund balances	**—**	**9 923**	**9 923**	**10 317**
Total liabilities and reserves and fund balances	**260 462**	**9 923**	**270 385**	**209 545**

[a] See note 8.

[b] The actual revenue from staff assessment under section 35 of the United Nations regular budget amounted to $492,302,505. Credits derived from revenue-producing activities of $4,056,520 increased total income to $496,359,025.

[c] Represents credits which are applied against assessments of those Member States that do not levy taxes on the United Nations income of their nationals. See note 8 (a).

[d] Represents transfer of surplus for the biennium 2008-2009 to "Accounts payable to Member States".

[e] Cumulative surplus for the United States of America at the end of the biennium 2008-2009 amounting to $179,010,326 is shown as "Accounts payable to Member States". See note 8 (b).

The accompanying notes are an integral part of the financial statements.

Statement IX

United Nations capital master plan[a,b]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Working Capital Reserve for the Capital Master Plan	*Capital master plan*	*Associated costs*	*Secondary Data Centre*	*Eliminations*[c]	*Total 2009*	*Total 2007*[d]
Income							
Assessed contributions[e]	—	681 928	—	—	—	681 928	506 542
Allocations from other funds	—	—	18 532[f]	5 144[g]	(21 644)	2 032	—
Interest income[h]	—	52 502	—	—	—	52 502	18 347
Other/miscellaneous income	—	8	—	—	—	8	—
Total income	**—**	**734 438**	**18 532**	**5 144**	**(21 644)**	**736 470**	**524 889**
Expenditure (schedule 9.1)							
Total expenditure	**—**	**813 452**	**18 532**	**5 144**	**—**	**837 128**	**82 920**
Excess (shortfall) of income over expenditure	**—**	**(79 014)**	**—**	**—**	**(21 644)**	**(100 658)**	**441 969**
Prior period adjustments[i]	—	279	—	—	—	279	—
Net excess (shortfall) of income over expenditure	**—**	**(78 735)**	**—**	**—**	**(21 644)**	**(100 379)**	**441 969**
Cancellation of prior-period obligations	—	3 493	—	—	—	3 493	1 522
Transfer to other funds[j]	—	(21 644)	—	—	21 644	—	—
Transfer to construction in progress[k]	—	701 951	3 428	1 156	—	706 535	61 175
Transfer to capital assets[l]	—	—	—	(1 156)	—	(1 156)	—
Reserves and fund balances, beginning of period	45 000	479 815	—	—	—	524 815	20 149
Reserves and fund balances, end of period	**45 000**	**1 084 880**	**3 428**	**—**	**—**	**1 133 308**	**524 815**

United Nations capital master plan[a,b]

Statement IX (concluded)

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	Working Capital Reserve for the Capital Master Plan	*Capital master plan*	*Associated costs*	*Secondary Data Centre*	*Eliminations*[c]	*Total 2009*	*Total 2007*[d]
Assets							
Cash and term deposits	—	41	—	—	—	41	900
Cash pool[m]	—	923 905	—	—	—	923 905	364 439
Assessed contributions receivable from Member States[e]	30	21 654	—	—	—	21 684	127 587
Inter-fund balances receivable	44 970	—	5 537	1 608	—	52 115	44 879
Other accounts receivable	—	2 889	36	675	—	3 600	20
Deferred charges	—	98 921	103	4 302	—	103 326	124 094
Construction in progress (schedule 9.1)	—	763 126	3 428	—	—	766 554	61 175
Total assets	**45 000**	**1 810 536**	**9 104**	**6 585**	**—**	**1 871 225**	**723 094**
Liabilities							
Contributions or payments received in advance	—	120 526	—	—	—	120 526	7 193
Unliquidated obligations — prior periods	—	12 556	—	—	—	12 556	720
Unliquidated obligations — current period	—	420 665	5 202	516	—	426 383	48 414
Unliquidated obligations — future periods	—	98 898	94	4 302	—	103 294	124 054
Inter-fund balances payable	—	40 276	—	—	—	40 276	11 177
Other accounts payable	—	32 735	380	1 767	—	34 882	6 721
Total liabilities	**—**	**725 656**	**5 676**	**6 585**	**—**	**737 917**	**198 279**
Reserves and fund balances							
Working capital fund	45 000	—	—	—	—	45 000	45 000
Cumulative surplus (deficit)	—	1 084 880	3 428	—	—	1 088 308	479 815
Total reserves and fund balances	**45 000**	**1 084 880**	**3 428**	**—**	**—**	**1 133 308**	**524 815**
Total liabilities and reserves and fund balances	**45 000**	**1 810 536**	**9 104**	**6 585**	**—**	**1 871 225**	**723 094**

[a] See note 9.

[b] With effect from 1 January 2008, the capital master plan is presented as a separate statement. Previously it was included in statement IX as part of Capital assets and construction in progress.

[c] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.

[d] Comparative figures have been restated to conform to the current presentation.

[e] Includes contributions unpaid irrespective of collectibility.

[f] In accordance with General Assembly resolution 63/270, "Associated costs" are financed from within the approved budget of the capital master plan.

[g] In accordance with General Assembly resolution 63/269, costs for the "Secondary Data Centre" are financed from the Support Account for Peacekeeping Operations ($2,031,860), and the remainder from within the approved budget of the capital master plan.

[h] Includes interest on funds of the "Working Capital Reserve for the capital master plan".

[i] Represents interest income for 2007.

[j] Represents transfer from the capital master plan to finance associated costs and the Secondary Data Centre, in accordance with General Assembly resolutions 63/270 and 63/269.

[k] Capital expenditures incurred, net of cancellation of prior-period obligations and prior-period adjustments, are transferred to the construction-in-progress account in the statement of assets, liabilities and reserves and fund balances.

[l] Upon completion of discrete phases or projects, transfers are made from construction in progress to capital assets. Capital assets are shown in statement X.

[m] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $234,529,107, short-term investments of $228,078,255 (market value $228,516,040), long-term investments of $456,507,401 (market value $461,785,526) and accrued interest receivable of $4,790,375.

The accompanying notes are an integral part of the financial statements.

Schedule 9.1

United Nations capital master plan[a]

Schedule of construction in progress expenditure for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Total prior-period expenditure[b]	*Expenditure and adjustments during 2008-2009*	*Cumulative expenditure up to 31 December 2009*
Part I. Capital master plan			
Staff and other personnel costs	11 650	9 004	20 654
Travel	99	65	164
Contractual services	88 704	126 214	214 918
Operating expenses	11 777	55 815	67 592
Acquisitions	3 226	622 354	625 580
Total expenditure	**115 456**	**813 452**	**928 908**
Cancellation of prior-period obligations	(1 541)	(3 493)	(5 034)
Costs expensed — see note 9 (b)	(52 740)	(108 008)	(160 748)
Total construction in progress	**61 175**	**701 951**[c]	**763 126**[d]
Part II. Associated costs			
Staff and other personnel costs	—	7 983	7 983
Travel	—	—	—
Contractual services	—	1 901	1 901
Operating expenses	—	2 077	2 077
Acquisitions	—	6 571	6 571
Total expenditure	**—**	**18 532**	**18 532**
Costs expensed — see note 9 (b)	—	(15 104)	(15 104)
Total construction in progress	**—**	**3 428**[c]	**3 428**[d]
Part III. Secondary Data Centre			
Staff and other personnel costs	—	—	—
Travel	—	1	1
Contractual services	—	1 116	1 116
Operating expenses	—	1	1
Acquisitions	—	4 026	4 026
Total expenditure	**—**	**5 144**	**5 144**
Costs expensed — see note 9 (b)	—	(3 988)	(3 988)
Transfer to construction in progress	—	1 156[c]	1 156
Transfer from construction in progress to capital assets[e]	—	(1 156)	(1 156)
Total construction in progress	**—**	**—**	**—**[d]

[a] See note 9.
[b] Restated to conform to the current presentation.
[c] Represents transfer to construction in progress during the biennium 2008-2009.
[d] Represents construction in progress as at 31 December 2009.
[e] Capital assets are shown in statement X.

The accompanying notes are an integral part of the financial statements.

United Nations capital assets and construction in progress[a,b]

Statement X

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Capital Assets Fund	*Construction in progress*			
		Security measures	*Other measures*	*Total 2009*	*Total 2007*[c]
Income					
Allocations from other funds[d]	—	—	2 402	2 402	16 418
Interest income	—	—	1 741	1 741	1 929
Other/miscellaneous income	—	36	5 964[e]	6 000	4 686
Total income	—	**36**	**10 107**	**10 143**	**23 033**
Expenditure (schedule 10.1)					
Total expenditure		**21 569**	**10 552**	**32 121**	**34 685**
Net excess (shortfall) of income over expenditure	—	**(21 533)**	**(445)**	**(21 978)**	**(11 652)**
Cancellation of prior-period obligations	—	286	3	289	1 009
Transfer to construction in progress[f]	—	25 192	8 622	33 814	27 208
Transfer from construction in progress	—	(37 051)	(1 356)	(38 407)	(55 184)
Transfer to capital assets[g]	39 563	—	—	39 563	55 184
Reserves and fund balances, beginning of period	493 081	59 091	26 625	578 797	562 232
Reserves and fund balances, end of period	**532 644**	**25 985**	**33 449**	**592 078**	**578 797**

Statement X
(concluded)

United Nations capital assets and construction in progress[a,b]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	Capital Assets Fund	*Construction in progress*		*Total 2009*	*Total 2007*[c]
		Security measures	*Other measures*		
Assets					
Cash and term deposits	—	—	46	46	44
Cash pool[h]	—	—	33 956	33 956	24 664
Inter-fund balances receivable	—	16 858	—	16 858	53 145
Deferred charges	—	218	11 385	11 603	—
Land and buildings	532 644	—	—	532 644	493 081
Construction in progress (schedule 10.1)	—	15 574	10 053	25 627	30 220
Total assets	**532 644**	**32 650**	**55 440**	**620 734**	**601 154**
Liabilities					
Unliquidated obligations — prior periods	—	1 920	156	2 076	1 651
Unliquidated obligations — current period	—	4 394	335	4 729	20 149
Unliquidated obligations — future periods	—	218	11 385	11 603	—
Inter-fund balances payable	—	—	10 115	10 115	296
Other accounts payable	—	133	—	133	261
Total liabilities	—	**6 665**	**21 991**	**28 656**	**22 357**
Reserves and fund balances					
Donated funds	20 222	—	—	20 222	20 222
Regular budget appropriations	512 422	—	—	512 422	472 859
Cumulative surplus	—	25 985	33 449	59 434	85 716
Total reserves and fund balances	**532 644**	**25 985**	**33 449**	**592 078**	**578 797**
Total liabilities and reserves and fund balances	**532 644**	**32 650**	**55 440**	**620 734**	**601 154**

[a] See note 10.

[b] Excludes the capital master plan, which, with effect from 1 January 2008, is shown in statement IX.

[c] Comparative figures have been restated to exclude the capital master plan, which, with effect from 1 January 2008, is shown in statement IX, and to conform to the current presentation.

[d] Represents transfer of funds from section 32 of the regular budget.

[e] Represents rental income from the United Nations Office at Nairobi Gigiri complex utilized to finance construction at the United Nations Office at Nairobi.

[f] Capital expenditures incurred, net of cancellation of prior-period obligations and prior-period adjustments, are transferred to the construction-in-progress account in the statement of assets, liabilities and reserves and fund balances.

[g] Represents transfers of completed projects to Capital assets from Security measures — $37,051,351, Other construction — $1,355,445 and Secondary Data Centre — $1,156,347. The Secondary Data Centre is presented in statement IX.

[h] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $8,619,674, short-term investments of $8,382,585 (market value $8,398,675), long-term investments of $16,778,067 (market value $16,972,054) and accrued interest receivable of $176,061.

The accompanying notes are an integral part of the financial statements.

United Nations construction in progress[a]

Schedule 10.1

Schedule of construction in progress expenditure for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Total prior-periods expenditure[b]	*Expenditure and adjustments during 2008-2009*	*Cumulative expenditure up to 31 December 2009*
Part I. Security measures			
Staff and other personnel costs	—	—	—
Travel	13	—	13
Contractual services	—	—	—
Operating expenses	685	245	930
Acquisitions	83 322	21 324	104 646
Other	6 626	—	6 626
Total expenditure	**90 646**	**21 569**[c]	**112 215**
Cancellation of prior-period obligations	(2 304)	(286)	(2 590)
Costs expensed	(7 565)	3 909[d]	(3 656)
Transfer to construction in progress	80 777	25 192[e]	105 969
Transfer to capital assets	(53 344)	(37 051)	(90 395)
Total construction in progress	**27 433**	**(11 859)**	**15 574**[f]
Part II. Other construction			
Staff and other personnel costs	1 116	643	1 759
Travel	44	31	75
Contractual services	1 540	95	1 635
Operating expenses	—	—	—
Acquisitions	707	9 783	10 490
Other	163	—	163
Total expenditure	**3 570**	**10 552**[g]	**14 122**
Cancellation of prior-period obligations	(41)	(3)	(44)
Costs expensed	1 098	(1 927)	(829)
Transfer to construction in progress	4 627	8 622[e]	13 249
Transfer to capital assets	(1 840)	(1 356)	(3 196)
Total construction in progress	**2 787**	**7 266**	**10 053**[f]

[a] See note 10.

[b] Excludes the capital master plan, which, with effect from 1 January 2008, is shown in statement IX, and to conform to the current presentation.

[c] Comprises expenditure during the biennium 2008-2009 for United Nations Headquarters — $5,004,158; the United Nations Office at Geneva — $10,555,270; the United Nations Office at Nairobi — $686,309; the United Nations Office at Vienna — $4,663,109; ECA — $308,503; ECLAC — $49,118; and ESCAP — $302,934.

[d] Represents costs expended during the biennium 2008-2009 of $759,284 offset by prior-period costs of $4,117,466, that were expensed in the biennium 2006-2007 and are treated as capital expenditures in the current biennium and prior-period costs of $551,622 for the South Reception Building of ECLAC.

[e] Represents transfers to construction in progress during the biennium 2008-2009.

[f] Represents construction in progress as at 31 December 2009.

[g] Comprises expenditure during the biennium 2008-2009 for the United Nations Office at Nairobi — $10,270,202; and ECA — $281,772.

The accompanying notes are an integral part of the financial statements.

United Nations end-of-service and post-retirement benefits[a]

Statement XI

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	After-service health insurance			*Repatriation benefits*			*Unused vacation days*				
	Regular budget	*Extra-budgetary resources*	*Total*	*Regular budget*	*Extra-budgetary resources*	*Total*	*Regular budget*	*Extra-budgetary resources*	*Total*	*Total 2009*	*Total 2007*
Income											
Accruals for repatriation benefits[b]	—	—	—	—	11 825	11 825	—	—	—	11 825	8 646
Other/miscellaneous income	—	—	—	—	799	799	—	—	—	799	369
Total income	**—**	**—**	**—**	**—**	**12 624**	**12 624**	**—**	**—**	**—**	**12 624**	**9 015**
Expenditure											
Repatriation benefits payments[c]	—	—	—	—	3 109	3 109	—	—	—	3 109	2 539
Total expenditure	**—**	**—**	**—**	**—**	**3 109**	**3 109**	**—**	**—**	**—**	**3 109**	**2 539**
Excess (shortfall) of income over expenditure	**—**	**—**	**—**	**—**	**9 515**	**9 515**	**—**	**—**	**—**	**9 515**	**6 476**
Non-budgeted accrued income (expenses) for end-of-service and post-retirement benefits[d]	86 762	16 970	103 732	(637)	(265)	(902)	34 142	12 368	46 510	149 340	(368 309)
Prior-period adjustments	—	—	—	—	8 163[e]	8 163	—	—	—	8 163	(89)
Net excess (shortfall) of income over expenditure	**86 762**	**16 970**	**103 732**	**(637)**	**17 413**	**16 776**	**34 142**	**12 368**	**46 510**	**167 018**	**(361 922)**
Other adjustments to reserves and fund balances	—	—	—	—	—	—	—	—	—	—	(1 961 772)
Reserves and fund balances, beginning of period	(1 819 692)	(219 919)	(2 039 611)	(115 388)	(15 793)	(131 181)	(112 790)	(29 725)	(142 515)	(2 313 307)	10 387
Reserves and fund balances, end of period	**(1 732 930)**	**(202 949)**	**(1 935 879)**	**(116 025)**	**1 620**	**(114 405)**	**(78 648)**	**(17 357)**	**(96 005)**	**(2 146 289)**	**(2 313 307)**

United Nations end-of-service and post-retirement benefits[a]

Statement XI (concluded)

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	After-service health insurance			*Repatriation benefits*			*Unused vacation days*				
	Regular budget	*Extra-budgetary resources*	*Total*	*Regular budget*	*Extra-budgetary resources*	*Total*	*Regular budget*	*Extra-budgetary resources*	*Total*	*Total 2009*	*Total 2007*
Assets											
Inter-fund balances receivable	1 643	—	1 643	—	28 063	28 063	—	—	—	29 706	20 005
Total assets	**1 643**	**—**	**1 643**	**—**	**28 063**	**28 063**	**—**	**—**	**—**	**29 706**	**20 005**
Liabilities											
Other accounts payable	—	—	—	—	1 773	1 773	—	—	—	1 773	1 588
End-of-service and post-retirement liabilities[f]	1 734 573	202 949	1 937 522	116 025	24 670	140 695	78 648	17 357	96 005	2 174 222	2 331 724
Total liabilities	**1 734 573**	**202 949**	**1 937 522**	**116 025**	**26 443**	**142 468**	**78 648**	**17 357**	**96 005**	**2 175 995**	**2 333 312**
Reserves and fund balances											
Cumulative surplus (deficit)	(1 732 930)	(202 949)	(1 935 879)	(116 025)	1 620	(114 405)	(78 648)	(17 357)	(96 005)	(2 146 289)	(2 313 307)
Total reserves and fund balances	**(1 732 930)**	**(202 949)**	**(1 935 879)**	**(116 025)**	**1 620**	**(114 405)**	**(78 648)**	**(17 357)**	**(96 005)**	**(2 146 289)**	**(2 313 307)**
Total liabilities and reserves and fund balances	**1 643**	**—**	**1 643**	**—**	**28 063**	**28 063**	**—**	**—**	**—**	**29 706**	**20 005**

[a] See note 11.

[b] Represents accruals for repatriation benefits that were charged on the basis of salary costs to non-UNDP/UNFPA technical cooperation trust funds, general trust funds and related programme support cost accounts.

[c] Represents repatriation benefits in respect of staff who separated during the biennium 2008-2009 from non-UNDP/UNFPA technical cooperation trust funds, general trust funds and related programme support cost accounts.

[d] Represents net (increase)/decrease in accrued liabilities during the biennium 2008-2009.

[e] Represents corrections in respect of repatriation liabilities of certain extrabudgetary funds as at 31 December 2007.

[f] Represents accrued liabilities as at 31 December 2009 excluding those for peacekeeping operations, which are shown in volume II of the financial statements for peacekeeping operations. See note 11.

The accompanying notes are an integral part of the financial statements.

Other United Nations special funds[a]

Statement XII

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	United Nations funds held in trust[b]	*United Nations special accounts for administrative cost recoveries*[c]	*Common support services*[d]	*United Nations jointly financed activities*[e]	*Special Multi-year account for supplementary development activities*	*Conferences and conventions*[f]	*United Nations System Staff College*	*Others*[g]	*Eliminations*[h]	*Total 2009*	*Total 2007*
Income											
Assessed contributions	—	—	—	—	—	12 015	—	—	—	12 015	—
Voluntary contributions	—	—	—	—	—	5 389	9 741	—	—	15 130	8 042
Funds received under inter-organizational arrangements	—	—	—	198 197	—	—	699	—	—	198 896	177 781
Allocations from other funds	400	—	112 285	117 957	26 151	—	301	—	—	257 094	199 985
Income from services rendered	—	269 569	23 273	—	—	—	9 959	—	(467)	302 334	231 727
Insurance rebates	7 060	—	—	—	—	—	—	—	—	7 060	4 059
Interest income	22 839	13 484	84	—	—	—	909	610	—	37 926	51 922
Contributions from staff and the United Nations	651 757	—	—	—	—	—	—	—	—	651 757	154 723
Other/miscellaneous income	4 846	2 694	1 126	900	84	—	—	1 265	—	10 915	17 033
Total income	**686 902**	**285 747**	**136 768**	**317 054**	**26 235**	**17 404**	**21 609**	**1 875**	**(467)**	**1 493 127**	**845 272**
Expenditure											
Staff and other personnel costs	3 257	158 215	8 587	257 651	6 865	5 239	10 961	434	—	451 209	346 817
Travel	17	6 402	1 015	11 408	2 384	3 151	2 924	18	—	27 319	14 959
Contractual services	29 499	9 580	11 596	11 338	1 957	271	514	—	—	64 755	36 779
Operating expenses	197	27 665	99 890	15 965	274	208	2 229	417	—	146 845	109 522
Acquisitions	911	3 443	10 545	9 213	180	14	265	285	—	24 856	22 047
Programme support costs	—	—	—	—	—	467	—	—	(467)	—	—
Claim reimbursements	601 727	—	—	—	—	—	—	—	—	601 727	130 527
Deficit premiums	—	—	—	—	—	—	—	—	—	—	1 651
Other	—	21 981	—	11 670	6 040	—	—	80	—	39 771	25 831
Total expenditure	**635 608**	**227 286**	**131 633**	**317 245**	**17 700**	**9 350**	**16 893**	**1 234**	**(467)**	**1 356 482**	**688 133**
Excess (shortfall) of income over expenditure	**51 294**	**58 461**	**5 135**	**(191)**	**8 535**	**8 054**	**4 716**	**641**	**—**	**136 645**	**157 139**
Prior-period adjustments	—	2 240	(55)	—	(4)	—	(1)	(4)	—	2 176	(201)
Net excess (shortfall) of income over expenditure	**51 294**	**60 701**	**5 080**	**(191)**	**8 531**	**8 054**	**4 715**	**637**	**—**	**138 821**	**156 938**
Cancellation of prior-period obligations	9	—	4 582	1 709	1 733	31	175	1	—	8 240	3 879
Transfer(to)from other funds	—	1 812	—	—	—	740	—	—	—	2 552	(63 660)
Refunds to donors	—	—	—	—	—	(630)	—	—	—	(630)	(1)
Other adjustments to reserves and fund balances	40 387	—	—	—	—	2 234	—	(8)	—	42 613	1 533
Reserves and fund balances, beginning of period	385 221	195 554	34 674	924	22 674	—	10 779	59 644	—	709 470	610 781
Reserves and fund balances, end of period	**476 911**	**258 067**	**44 336**	**2 442**	**32 938**	**10 429**	**15 669**	**60 274**	**—**	**901 066**	**709 470**

Other United Nations special funds[a]

Statement XII (concluded)

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	United Nations funds held in trust[b]	*United Nations special accounts for administrative cost recoveries*[c]	*Common support services*[d]	*United Nations jointly financed activities*[e]	*Special Multi-year account for supplementary development activities*	*Conferences and conventions*[f]	*United Nations System Staff College*	*Others*[g]	*Eliminations*[h]	*Total 2009*	*Total 2007*[i]
Assets											
Cash and term deposits	187	197	—	—	—	—	547	31	—	962	38 221
Short-term investments	5 144	—	—	—	—	—	—	—	—	5 144	5 267
Long-term investments	69 266	—	—	—	—	—	—	—	—	69 266	60 740
Offices away from Headquarters cash pools[j]	31 803	84 265	—	—	—	—	16 972	1 290	—	134 330	76 224
Cash pool[k]	350 277	163 046	—	—	—	—	—	8 276	—	521 599	402 866
Assessed contributions receivable from Member States	—	—	—	—	—	3 537	—	6 095	—	9 632	6 097
Inter-fund balances receivable	27 160	21 476	62 327	12 894	38 633	11 219	—	780	—	174 489	122 337
Other accounts receivable	23 470	5 997	508	10 195	133	49	75	44 098	—	84 525	75 123
Deferred charges	689	—	260 720	427	320	—	30	—	—	262 186	42 940
Other assets	—	2 128	—	—	—	—	—	—	—	2 128	5 126
Total assets	**507 996**	**277 109**	**323 555**	**23 516**	**39 086**	**14 805**	**17 624**	**60 570**	**—**	**1 264 261**	**834 941**
Liabilities											
Contributions or payments received in advance	—	—	—	—	—	1 459	—	—	—	1 459	—
Unliquidated obligations — current period	712	6 590	14 041	6 720	5 565	265	956	284	—	35 133	29 096
Unliquidated obligations — future periods	689	1 718	260 720	—	320	—	—	—	—	263 447	47 601
Inter-fund balances payable	16 483	9 069	—	—	—	30	167	10	—	25 759	8 509
Other accounts payable	13 201	1 532	4 458	13 891	263	2 622	—	2	—	35 969	35 307
Deferred income	—	133	—	—	—	—	—	—	—	133	—
Other liabilities	—	—	—	463	—	—	832	—	—	1 295	4 958
Total liabilities	**31 085**	**19 042**	**279 219**	**21 074**	**6 148**	**4 376**	**1 955**	**296**	**—**	**363 195**	**125 471**
Reserves and fund balances											
Operating reserves	83 387	21 854	6 635	—	—	—	1 256	301	—	113 433	94 996
Cumulative surplus (deficit)	393 524	236 213	37 701	2 442	32 938	10 429	14 413	59 973	—	787 633	614 474
Total reserves and fund balances	**476 911**	**258 067**	**44 336**	**2 442**	**32 938**	**10 429**	**15 669**	**60 274**	**—**	**901 066**	**709 470**
Total liabilities and reserves and fund balances	**507 996**	**277 109**	**323 555**	**23 516**	**39 086**	**14 805**	**17 624**	**60 570**	**—**	**1 264 261**	**834 941**

[a] See note 12.
[b] Refer to schedule 12.1.
[c] Refer to schedule 12.2.
[d] Refer to schedule 12.3.
[e] Refer to schedule 12.4.
[f] Refer to schedule 12.5.
[g] Refer to schedule 12.6.
[h] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.
[i] Comparative figures have been restated to conform to the current presentation.
[j] Represents share of the United Nations offices away from Headquarters cash pools and comprises cash and term deposits of $67,098,898, short-term investments of $26,164,792 (market value $26,308,229), long-term investments of $40,506,764 (market value $41,042,231) and accrued interest receivable of $559,569.
[k] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $132,398,297, short-term investments of $128,769,802 (market value $129,004,918), long-term investments of $257,724,691 (market value $260,702,415) and accrued interest receivable of $2,706,912.

The accompanying notes are an integral part of the financial statements.

United Nations funds held in trust[a]

Schedule 12.1

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Blue Cross, Aetna, Cigna and Van Breda health plans	*United Nations staff life insurance reserves*[b]	*After-service life insurance coverage*	*Medical insurance plan for field local staff*	*Compensation awards*	*Self-insurance reserve fund for Headquarters general liabilities*	*Geneva staff mutual insurance society against sickness and accident*	*Joint Inspection Unit Provident Fund*	*Total 2009*	*Total 2007*[c]
Income										
Contributions from staff and the Organization	459 404	—	—	37 976	13 771	—	140 606	—	651 757	154 723
Insurance rebates	3 724	3 336	—	—	—	—	—	—	7 060	4 059
Allocations from other funds	—	—	—	—	—	400	—	—	400	1 858
Interest income	8 373	531	99	3 497	5 531	384	4 423	1	22 839	32 676
Other/miscellaneous income	—	573	—	—	26	—	4 239[d]	8	4 846	10 315
Total income	**471 501**	**4 440**	**99**	**41 473**	**19 328**	**784**	**149 268**	**9**	**686 902**	**203 631**
Expenditure										
Staff and other personnel costs	—	—	—	—	—	—	3 217	40	3 257	3 014
Travel	—	—	—	—	—	—	17	—	17	2
Contractual services	28 523	—	—	101	460	—	415	—	29 499	322
Operating expenses	8	2	2	60	3	1	121	—	197	83
Acquisitions	—	—	—	—	—	—	911	—	911	6
Claim reimbursements	437 030	—	—	25 906	4 845	2	133 944	—	601 727	130 527
Deficit premiums	—	—	—	—	—	—	—	—	—	1 651
Total expenditure	**465 561**	**2**	**2**	**26 067**	**5 308**	**3**	**138 625**	**40**	**635 608**	**135 605**
Excess (shortfall) of income over expenditure	**5 940**	**4 438**	**97**	**15 406**	**14 020**	**781**	**10 643**	**(31)**	**51 294**	**68 026**
Prior-period adjustments	—	—	—	—	—	—	—	—	—	(797)
Net excess (shortfall) of income over expenditure	**5 940**	**4 438**	**97**	**15 406**	**14 020**	**781**	**10 643**	**(31)**	**51 294**	**67 229**
Cancellation of prior-period obligations	—	—	—	—	—	—	9	—	9	3
Other adjustments to reserves and fund balances	35 762[e]	4 605[f]	—	20	—	—	—	—	40 387	850
Reserves and fund balances, beginning of period	122 324	13 977	1 584	50 684	86 578	6 064	103 979	31	385 221	317 139
Reserves and fund balances, end of period	**164 026**	**23 020**	**1 681**	**66 110**	**100 598**	**6 845**	**114 631**	—	**476 911**	**385 221**

United Nations funds held in trust[a]

Schedule 12.1 (concluded)

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	Blue Cross Aetna, Cigna and Van Breda health plans	*United Nations staff life insurance reserves*[b]	*After-service life insurance coverage*	*Medical insurance plan for field local staff*	*Compensation awards*	*Self-insurance reserve fund for Headquarters general liabilities*	*Geneva staff mutual insurance society against sickness and accident*	*Joint Inspection Unit Provident Fund*	*Total 2009*	*Total 2007*[c]
Assets										
Cash and term deposits	102	27	16	20	14	8	—	—	187	35 760
Short-term investments	—	—	—	—	—	—	5 144[d]	—	5 144	5 267
Long-term investments	—	—	—	—	—	—	69 266[d]	—	69 266	60 740
Offices away from Headquarters cash pools[h]	—	—	—	—	—	—	31 803	—	31 803	116
Cash pool[i]	167 642	8 932	1 665	67 561	97 838	6 639	—	—	350 277	269 568
Inter-fund balances receivable	750	7 474	—	—	12 448	198	6 290	—	27 160	10 022
Other accounts receivable	13 852	6 587	—	164	—	—	2 859	8	23 470	7 863
Deferred charges	—	—	—	—	—	—	689	—	689	147
Total assets	**182 346**	**23 020**	**1 681**	**67 745**	**110 300**	**6 845**	**116 051**	**8**	**507 996**	**389 483**
Liabilities										
Unliquidated obligations — current period	—	—	—	—	—	—	712	—	712	35
Unliquidated obligations — future periods	—	—	—	—	—	—	689	—	689	147
Inter-fund balances payable	5 676	—	—	1 149	9 650	—	—	8	16 483	4 007
Other accounts payable	12 644	—	—	486	52	—	19	—	13 201	73
Total liabilities	**18 320**	**—**	**—**	**1 635**	**9 702**	**—**	**1 420**	**8**	**31 085**	**4 262**
Reserves and fund balances										
Operating reserves	433	5 187	—	—	—	—	77 767	—	83 387	70 156
Cumulative surplus (deficit)	163 593	17 833	1 681	66 110	100 598	6 845	36 864	—	393 524	315 065
Total reserves and fund balances	**164 026**	**23 020**	**1 681**	**66 110**	**100 598**	**6 845**	**114 631**	**—**	**476 911**	**385 221**
Total liabilities and reserves and fund balances	**182 346**	**23 020**	**1 681**	**67 745**	**110 300**	**6 845**	**116 051**	**8**	**507 996**	**389 483**

[a] See note 12.1.

[b] Excludes premiums collected and paid to the insurance carrier during the financial period because this is an insured programme.

[c] Comparative figures have been restated to conform to current presentation. See also note 12.1(b) with respect to presentation of premiums and claims.

[d] Includes gain on exchange of $4,234,311.

[e] Represents balances held in the General Fund as at 31 December 2007 which are now reflected in the respective insurance programmes, and adjustments arising from the revised presentation. See note 12.1(b).

[f] Represents balance of $3,565,071 held in the General Fund as at 31 December 2007 and change of $1,040,203 in life insurance reserves held by Aetna.

[g] The market value of short-term investments is $5,213,379, and the market value of long-term investments is $69,767,411.

[h] Represents share of the United Nations offices away from Headquarters cash pools and comprises cash and term deposits of $30,740,344, short-term investments of $406,282 (market value $408,509), long-term investments of $628,981 (market value $637,296) and accrued interest receivable of $27,356.

[i] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $88,916,227, short-term investments of $86,470,538 (market value $86,636,514), long-term investments of $173,074,107 (market value of $175,075,185) and accrued interest receivable of $1,816,159.

The accompanying notes are an integral part of the financial statements.

Schedule 12.2

United Nations special accounts for administrative cost recoveries[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Support of technical cooperation activities	*Support of extrabudgetary administrative structures*	*Support of extrabudgetary substantive activities*	*Support of humanitarian activities*	*Support of United Nations Fund for International Partnerships*	*All funds elimination*[b]	*Total 2009*	*Total 2007*[c]
Income								
Income for services rendered to:								
UNDP/UNFPA/UNOPS	462	20 350	—	—	—	—	20 812	19 059
UN Fund for International Partnerships	—	—	—	—	1 500	—	1 500	3 300
Technical cooperation trust funds	29 548	3 358	53	—	—	(2 152)	30 807	24 966
Associated agency projects	837	989	—	—	—	—	1 826	1 082
General trust funds[d]	667	35 997	42 528	49 087	—	(10 865)	117 414	84 219
ITC	—	2 979	—	—	—	—	2 979	1 827
UNEP-Geneva	—	2 773	—	—	—	—	2 773	1 534
UNHCR	—	8 223	—	—	—	—	8 223	5 489
UNEP/UN-Habitat and others	—	41 827	—	—	—	—	41 827	39 791
UNICEF	—	12 336	—	—	—	—	12 336	10 481
Other sources	1 205	26 595	1 590	—	—	(318)	29 072	13 505
Interest income	3 193	4 385	3 553	2 239	114	—	13 484	17 132
Other/miscellaneous income	237	1 402	682	343	30	—	2 694	2 788
Total income	**36 149**	**161 214**	**48 406**	**51 669**	**1 644**	**(13 335)**	**285 747**	**225 173**
Expenditure								
Staff and other personnel costs	20 332	96 915	19 700	31 140	2 733	(12 605)	158 215	122 350
Travel	979	3 674	787	845	117	—	6 402	3 706
Contractual services	234	8 546	491	199	110	—	9 580	6 858
Operating expenses	1 661	23 519	692	2 040	482	(729)	27 665	17 211
Acquisitions	86	3 158	148	48	4	(1)	3 443	4 382
Other[e]	5 156	11 126	4 534	1 159	6	—	21 981	11 422
Total expenditure	**28 448**	**146 938**	**26 352**	**35 431**	**3 452**	**(13 335)**	**227 286**	**165 929**
Excess (shortfall) of income over expenditure	**7 701**	**14 276**	**22 054**	**16 238**	**(1 808)**	**—**	**58 461**	**59 244**
Prior-period adjustments	(11)	2 329[f]	(78)	—	—	—	2 240	672
Net excess (shortfall) of income over expenditure	**7 690**	**16 605**	**21 976**	**16 238**	**(1 808)**	**—**	**60 701**	**59 916**
Transfers (to) from other funds	(9)	1	—	—	1 820[g]	—	1 812	3 272
Other adjustments to reserves and fund balances	—	—	—	—	—	—	—	371
Reserves and fund balances, beginning of period	49 511	68 193[h]	46 322	30 656	872	—	195 554	131 995
Reserves and fund balances, end of period	**57 192**	**84 799**	**68 298**	**46 894**	**884**	**—**	**258 067**	**195 554**

United Nations special accounts for administrative cost recoveries[a]

Schedule 12.2 (concluded)

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	Support of technical cooperation activities	*Support of extrabudgetary administrative structures*	*Support of extrabudgetary substantive activities*	*Support of humanitarian activities*	*Support of United Nations Fund for International Partnerships*	*All funds elimination*[b]	*Total 2009*	*Total 2007*[c]
Assets								
Cash and term deposits	—	197	—	—	—	—	197	1 870
Offices away from Headquarters cash pools[f]	17 812	29 980	—	36 473	—	—	84 265	60 383
Cash pool[g]	38 793	51 429	66 720	5 217	887	—	163 046	124 770
Inter-fund balances receivable	908	13 130	1 894	5 540	4	—	21 476	12 130
Other accounts receivable	68	5 549	104	251	25	—	5 997	6 644
Other assets	35	1 896	52	141	4	—	2 128	5 126
Total assets	**57 616**	**102 181**	**68 770**	**47 622**	**920**	**—**	**277 109**	**210 923**
Liabilities								
Unliquidated obligations — current periods	331	5 230	409	592	28	—	6 590	4 765
Unliquidated obligations — future periods	—	1 718	—	—	—	—	1 718	4 853
Inter-fund balances payable	22	9 044	—	3	—	—	9 069	3 646
Other accounts payable	71	1 274	46	133	8	—	1 532	1 520
Deferred income	—	116	17	—	—	—	133	585
Total liabilities	**424**	**17 382**	**472**	**728**	**36**	**—**	**19 042**	**15 369**
Reserves and fund balances								
Operating reserves	3 973	9 979	3 000	4 422	480	—	21 854	16 907
Cumulative surplus (deficit)	53 219	74 820	65 298	42 472	404	—	236 213	178 647
Total reserves and fund balances	**57 192**	**84 799**	**68 298**	**46 894**	**884**	**—**	**258 067**	**195 554**
Total liabilities and reserves and fund balances	**57 616**	**102 181**	**68 770**	**47 622**	**920**	**—**	**277 109**	**210 923**

[a] See note 12.2.

[b] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.

[c] Comparative figures have been reclassified to conform to the current presentation, to include the United Nations Health Care Centre, Economic Commission for Africa, which was previously reported in schedule 12.4 (see also footnote[b] below).

[d] Income is calculated as a percentage of programme resources expended, except for allocations.

[e] Includes funding for the Enterprise Resource Planning system pursuant to General Assembly resolution 63/262, comprising $2,917,500 from the Special Account for Programme Support Costs of Extrabudgetary Technical Cooperation reimbursement resources, $4,472,000 from the Special Account for Programme Support Costs of Extrabudgetary Substantive Activities, and $450,500 from the Special Account for Programme Support Costs for the Office of the United Nations Disaster Relief Coordinator.

[f] Includes adjustment of prior years income for services provided by the United Nations Office at Geneva of $1,539,418.

[g] Represents transfer from the United Nations Fund for International Partnerships.

[h] Opening reserves have been restated to include the fund balance, as at 31 December 2007 of the United Nations Health Care Centre, Economic Commission for Africa, of $272,078, which is included, with effect from 1 January 2008, in this schedule (see also footnote[c] above).

[i] Represents share of the United Nations offices away from Headquarters cash pool and comprises cash and term deposits of $28,262,428, short-term investments of $21,801,695 (market value $21,921,214), long-term investments of $33,752,080 (market value $34,198,255) and accrued interest receivable of $448,881.

[j] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $41,381,152, short-term investments of $40,256,132 (market value $40,321,351), long-term investments of $80,561,178 (market value $81,490,542) and accrued interest receivable of $847,841.

The accompanying notes are an integral part of the financial statements.

Schedule 12.3

Common support services [a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Enterprise Resource Planning	*IMIS*	*Information technology and telecommunications*	*Travel services*	*Rented premises*	*Eliminations*[b]	*Total 2009*	*Total 2007*[c]
Income								
Allocations from other funds	20 000[d]	—	13 313	—	81 318	(2 346)	112 285	75 845
Income from services rendered	—	—	19 922	3 351	—	—	23 273	19 630
Rental and maintenance	—	—	—	—	1 000	—	1 000	1 273
Rebates	—	—	—	80	—	—	80	507
Interest income	—	84	—	—	—	—	84	217
Other/miscellaneous income	—	—	—	—	46	—	46	—
Total income	**20 000**	**84**	**33 235**	**3 431**	**82 364**	**(2 346)**	**136 768**	**97 472**
Expenditure								
Staff and other personnel costs	5 687	—	2 900	—	—	—	8 587	3 422
Travel	964	—	51	—	—	—	1 015	153
Contractual services	7 933	—	79	3 584	—	—	11 596	2 532
Operating expenses	1 310	—	25 646	—	72 934	—	99 890	74 777
Acquisitions	1 806	—	422	—	8 317	—	10 545	1 848
Total expenditure	**17 700**	**—**	**29 098**	**3 584**	**81 251**	**—**	**131 633**	**82 732**
Excess (shortfall) of income over expenditure	**2 300**	**84**	**4 137**	**(153)**	**1 113**	**(2 346)**	**5 135**	**14 740**
Prior-period adjustments	—	—	(2)	—	(53)	—	(55)	(2)
Net excess (shortfall) of income over expenditure	**2 300**	**84**	**4 135**	**(153)**	**1 060**	**(2 346)**	**5 080**	**14 738**
Cancellation of prior-period obligations	—	—	4 565	—	17	—	4 582	406
Transfer to other funds	—	(2 346)[e]	—	—	—	2 346	—	—
Reserves and fund balances, beginning of period	—	2 346	13 163	762	18 403	—	34 674	19 530
Reserves and fund balances, end of period	**2 300**	**84**	**21 863**	**609**	**19 480**	**—**	**44 336**	**34 674**

Common support services [a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	Enterprise Resource Planning	*IMIS*	*Information technology and telecommunications*	*Travel services*	*Rented premises*	*Eliminations* [b]	*Total 2009*	*Total 2007* [c]
Assets								
Inter-fund balances receivable	7 952	84	26 227	1 053	27 011	—	62 327	45 209
Other accounts receivable	104	—	282	—	122	—	508	452
Deferred charges	—	—	11 567	—	249 153	—	260 720	42 612
Total assets	**8 056**	**84**	**38 076**	**1 053**	**276 286**	**—**	**323 555**	**88 273**
Liabilities								
Unliquidated obligations — current period	2 510	—	3 780	103	7 648	—	14 041	8 259
Unliquidated obligations — future periods	—	—	11 567	—	249 153	—	260 720	42 601
Other accounts payable	3 246	—	866	341	5	—	4 458	2 739
Total liabilities	**5 756**	**—**	**16 213**	**444**	**256 806**	**—**	**279 219**	**53 599**
Reserves and fund balances								
Operating reserves	—	—	2 000	135	4 500	—	6 635	6 635
Cumulative surplus	2 300	84	19 863	474	14 980	—	37 701	28 039
Total reserves and fund balances	**2 300**	**84**	**21 863**	**609**	**19 480**	**—**	**44 336**	**34 674**
Total liabilities and reserves and fund balances	**8 056**	**84**	**38 076**	**1 053**	**276 286**	**—**	**323 555**	**88 273**

[a] See note 12.3.

[b] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.

[c] Comparative figures have been restated to conform to the current presentation. Common services, which was previously shown on this schedule, is now shown in schedule 12.6.

[d] Represents funding for the Enterprise Resource Planning system pursuant to General Assembly resolution 63/262, comprising $7,840,000 from extrabudgetary resources, $7,050,000 from the peacekeeping support account, and $2,346,000 from accumulated interest income in the Special Account for the Integrated Management Information System. An additional amount of $2,764,000 has been funded from within the overall 2008-2009 appropriations for the regular budget.

[e] Represents transfer to fund the Enterprise Resource Planning pursuant to General Assembly resolution 63/262.

The accompanying notes are an integral part of the financial statements.

Schedule 12.4

United Nations jointly financed activities[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	International Civil Service Commission	*Joint Inspection Unit*	*CEB Secretariat*	*Safety and Security*	*Malicious Acts Insurance Policy*	*DHL Consortium*	*Jointly financed activities United Nations Office at Vienna*[b]	*Total 2009*	*Total 2007*[c]
Income									
Funds received under inter-organizational arrangements	9 499	9 209	6 172	131 438	7 914	1 773	32 192	198 197	177 082
Allocations from other funds[d]	6 023	2 813	2 276	41 025	4 634	2 698	58 488	117 957	100 429
Other/miscellaneous income	1	1	17	719	—	—	162	900	836
Total income	**15 523**	**12 023**	**8 465**	**173 182**	**12 548**	**4 471**	**90 842**	**317 054**	**278 347**
Expenditure									
Staff and other personnel costs	12 220	11 404	6 302	132 725	11 598	—	83 402	257 651	204 038
Travel	1 724	540	479	8 589	—	—	76	11 408	7 836
Contractual services	65	52	245	3 092	—	4 471	3 413	11 338	24 304
Operating expenses	1 485	119	193	11 898	—	—	2 270	15 965	15 342
Acquisitions	82	83	77	7 120	—	—	1 851	9 213	14 955
Other	1	—	705	10 673	—	—	291	11 670	9 480
Total expenditure	**15 577**	**12 198**	**8 001**	**174 097**	**11 598**	**4 471**	**91 303**	**317 245**	**275 955**
Net excess (shortfall) of income over expenditure	**(54)**	**(175)**	**464**	**(915)**	**950**	**—**	**(461)**	**(191)**	**2 392**
Prior-period adjustments	—	—	—	—	—	—	—	—	(44)
Net excess (shortfall) of income over expenditure	**(54)**	**(175)**	**464**	**(915)**	**950**	**—**	**(461)**	**(191)**	**2 348**
Cancellation of prior-period obligations	54	175	104	915	—	—	461	1 709	1 628
Other adjustments to reserves and fund balances	—	—	—	—	—	—	—	—	(341)
Reserves and fund balances, beginning of period	—	—	924	—	—	—	—	924	(2 711)
Reserves and fund balances, end of period	**—**	**—**	**1 492**[e]	**—**	**950**[f]	**—**	**—**	**2 442**	**924**

[a] See note 12.4.

[b] Represents the jointly financed activities pertaining to safety and security, conference and administrative services and the access control programme in the United Nations Office at Vienna.

[c] Comparative figures have been reclassified to conform to the current presentation.

[d] Represents allocations from other United Nations funds.

[e] Represents amounts relating to the International Public Sector Accounting Standards project of $1,345,513, the Information and Communications Technology project of $44,862 and the dual career and staff mobility project of $102,283 that are rolled forward to the 2010-2011 biennium.

[f] Represents the balance relating to the deductible under the Malicious Acts Insurance Policy that is rolled forward to the 2010-2011 biennium.

The accompanying notes are an integral part of the financial statements.

Schedule 12.5

United Nations special accounts for conferences and conventions[a,b]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Conferences and substantive meetings pursuant to host country agreements	*Conferences of States parties to treaties and conventions*	*Total 2009*	*Total 2007*
Income				
Assessed contributions[c]	—	12 015	12 015	—
Voluntary contributions	5 389	—	5 389	—
Total income	**5 389**	**12 015**	**17 404**	**—**
Expenditure				
Staff and other personnel costs	120	5 119	5 239	—
Travel	3 000	151	3 151	—
Contractual services	48	223	271	—
Operating expenses	115	93	208	—
Acquisitions	—	14	14	—
Programme support costs	143	324	467	—
Total expenditure	**3 426**	**5 924**	**9 350**	**—**
Net excess (shortfall) of income over expenditure	**1 963**	**6 091**	**8 054**	**—**
Cancellation of prior-period obligations	3	28	31	—
Transfer (to) from other funds	(406)	1 146	740	—
Refund (to) donors	(630)	—	(630)	—
Other adjustments to reserves and fund balances[d]	2 571	(337)	2 234	—
Reserves and fund balances, beginning of period	—	—	—	—
Reserves and fund balances, end of period	**3 501**	**6 928**	**10 429**	**—**

Schedule 12.5
(concluded)

United Nations special accounts for conferences and conventions[a,b]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	Conferences and substantive meetings pursuant to host country agreements	*Conferences of States parties to treaties and conventions*	*Total 2009*	*Total 2007*
Assets				
Assessed contributions receivable from Member States	—	3 537	3 537	—
Inter-fund balances receivable	6 172	5 047	11 219	—
Other accounts receivable	38	11	49	—
Total assets	**6 210**	**8 595**	**14 805**	—
Liabilities				
Contributions or payments received in advance	—	1 459	1 459	—
Unliquidated obligations — current period	87	178	265	—
Inter-fund balances payable	—	30	30	—
Deferred income	2 622	—	2 622	
Total liabilities	**2 709**	**1 667**	**4 376**	—
Reserves and fund balances				
Cumulative surplus (deficit)	3 501	6 928	10 429	—
Total reserves and fund balances	**3 501**	**6 928**	**10 429**	—
Total liabilities and reserves and fund balances	**6 210**	**8 595**	**14 805**	—

[a] See note 12.6.

[b] With effect from 1 January 2008, activities relating to conferences and substantive meetings pursuant to host country agreements, and conferences of States parties to treaties and conventions are included in volume I of the United Nations financial statements.

[c] Assessments are levied on the basis of agreements among the States parties of the respective treaty or convention.

[d] Represents fund balances as at 31 December 2007, which are included in volume I with effect from 1 January 2008. See note 12.6(c).

The accompanying notes are an integral part of the financial statements.

Other United Nations funds[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Nobel Peace Prize Memorial Fund	*United Nations Mission in East Timor*	*Sale of United Nations bonds*	*Cafeteria Amortization Fund*	*Liquor Revolving Fund*	*Others*[b]	*Total 2009*	*Total 2007*[c]
Income								
Interest income	298	250	—	61	—	1	610	812
Catering services	—	—	—	1 055	—	—	1 055	880
Liquor sales	—	—	—	—	166	—	166	203
Other/miscellaneous income	—	1	—	13	—	30	44	7
Total income	**298**	**251**	**—**	**1 129**	**166**	**31**	**1 875**	**1 902**
Expenditure								
Staff and other personnel costs	—	—	—	239	109	86	434	371
Travel	—	—	—	—	—	18	18	—
Operating expenses	—	—	—	417	—	—	417	197
Acquisitions	—	—	—	285	—	—	285	95
Other	—	—	—	—	80	—	80	72
Total expenditure	**—**	**—**	**—**	**941**	**189**	**104**	**1 234**	**735**
Excess (shortfall) of income over expenditure	**298**	**251**	**—**	**188**	**(23)**	**(73)**	**641**	**1 167**
Prior-period adjustments	—	(4)	—	—	—	—	(4)	(30)
Net excess (shortfall) of income over expenditure	**298**	**247**	**—**	**188**	**(23)**	**(73)**	**637**	**1 137**
Cancellation of prior-period obligations	—	—	—	1	—	—	1	75
Other adjustments to reserves and fund balances	—	—	—	—	—	(8)[d]	(8)	653
Reserves and fund balances, beginning of period	4 706	9 127	44 048	930	157	676	59 644	57 779
Reserves and fund balances, end of period	**5 004**	**9 374**	**44 048**	**1 119**	**134**	**595**	**60 274**	**59 644**

Schedule 12.6 (concluded)

Other United Nations funds[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

	Nobel Peace Prize Memorial Fund	*United Nations Mission in East Timor*	*Sale of United Nations bonds*	*Cafeteria Amortization Fund*	*Liquor Revolving Fund*	*Others*[b]	*Total 2009*	*Total 2007*[c]
Assets								
Cash and term deposits	—	31	—	—	—	—	31	39
Offices away from Headquarters cash pool[c]	—	—	—	1 290	—	—	1 290	906
Cash pool[f]	5 014	3 248	—	—	—	14	8 276	8 528
Assessed contributions receivable from Member States	—	6 095	—	—	—	—	6 095	6 097
Inter-fund balance receivable	—	—	—	—	136	644	780	825
Other accounts receivable	—	—	—	49	—	1	50	43
Deferred charges	—	—	—	—	—	—	—	—
Due from the Ad Hoc Account for the United Nations Operation in the Congo[g]	—	—	35 931	—	—	—	35 931	35 931
Due from the Special Account for the United Nations Emergency Force (1956)[g]	—	—	8 117	—	—	—	8 117	8 117
Total assets	**5 014**	**9 374**	**44 048**	**1 339**	**136**	**659**	**60 570**	**60 486**
Liabilities								
Unliquidated obligations — current period	—	—	—	220	—	64	284	23
Inter-fund balances payable	10	—	—	—	—	—	10	818
Other accounts payable	—	—	—	—	2	—	2	1
Total liabilities	**10**	**—**	**—**	**220**	**2**	**64**	**296**	**842**
Reserves and fund balances								
Operating reserves	—	—	—	301	—	—	301	56
Cumulative surplus	5 004	9 374	44 048	818	134	595	59 973	59 588
Total reserves and fund balances	**5 004**	**9 374**	**44 048**	**1 119**	**134**	**595**	**60 274**	**59 644**
Total liabilities and reserves and fund balances	**5 014**	**9 374**	**44 048**	**1 339**	**136**	**659**	**60 570**	**60 486**

[a] See note 12.8.

[b] Combines common services, special awards, and maintenance and repair of the residence of the Executive Secretary of ECA. See note 12.8 (f).

[c] Comparative figures have been restated to conform to the current presentation. Common services, which was previously shown on schedule 12.3, is now included as part of "Others" in this schedule.

[g] Represents the fund balance as at 31 December 2007, which is included in volume I of the United Nations financial statements with effect from 1 January 2008. See note 12.8 (f).

[c] Represents share of the United Nations offices away from Headquarters cash pool and comprises cash and term deposits of $432,929, short-term investments of $333,731 (market value $335,560), long-term investments of $516,662 (market value $523,492) and accrued interest receivable of $6,871.

[f] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $2,100,918, short-term investments of $2,043,132 (market value $2,047,053), long-term investments of $4,089,406 (market value $4,136,688) and accrued interest receivable of $42,912.

[g] Disposal of this amount will be subject to a decision by the General Assembly.

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, are as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law.

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the Regulations, and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations System Accounting Standards, as adopted by the United Nations System Chief Executives Board for Coordination (CEB). The Organization follows International Accounting Standard 1, "Presentation of financial statements", on the disclosure of accounting policies, as modified and adopted by CEB, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a

fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons.

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies.

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used.

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place.

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period.

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Organization is a biennium consisting of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal-year basis covering the period from 1 July to 30 June.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in item (k) (ii) below applies.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transactions at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The statement of cash flows is based on the indirect method of cash flows, as referred to in the United Nations System Accounting Standards.

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards to the High-level Committee on Management.

(i) The results of the Organization's operations presented in statements I, II and III are summarized by general type of activity and are presented on a combined basis for funds other than those that are reported on separately, after the elimination of all inter-fund balances and instances of double-counting of income and expenditure. Their presentation on a combined basis does not imply that the various separate funds can be intermingled in any way, since, normally, resources may not be utilized between funds.

(j) Separate financial statements are issued for the United Nations general and related funds, for the United Nations Iraq escrow accounts, for the United Nations Compensation Commission, for the International Tribunal for the Former Yugoslavia under the provisions of Security Council resolutions 808 (1993) and 827 (1993), for the International Criminal Tribunal for Rwanda under the provisions of Security Council resolution 955 (1994) and for the peacekeeping accounts, which are reported on a fiscal year basis covering the period from 1 July to 30 June. Separate financial statements are also issued for the International Trade Centre, the United Nations University and the United Nations Institute for Training and Research and for the programmes and funds of the United Nations system, including the United Nations Office on Drugs and Crime, the United Nations Environment Programme, the United Nations Human Settlements Programme, the Office of the United Nations High Commissioner for Refugees, the United Nations Development Programme, the United Nations Population Fund, the United Nations Children's Fund, the United Nations Office for Project Services, the United Nations Capital Development Fund, the United Nations Development Fund for Women, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the World Food Programme and the United Nations Volunteers.

(k) Income:

(i) The amounts necessary to finance the activities of the United Nations regular budget, the peacekeeping operations, the capital master plan, the International Tribunals for the Former Yugoslavia and Rwanda and the Working Capital Fund are assessed to Member States in accordance with the scale of assessments determined by the General Assembly.

(ii) Income is recognized when assessments to Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied.

(iii) Amounts assessed to non-Member States that agree to reimburse the Organization for the costs of their participation in United Nations treaty bodies, organs and conferences are credited to miscellaneous income.

(iv) Voluntary contributions from Member States and other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements.

(v) Income from revenue-producing activities (including activities handled by outside contractors) is shown in the financial statements on a net basis, after the subtraction of directly related operating expenditures.

(vi) Income received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf.

(vii) Allocations from other funds represent monies appropriated or designated from one fund for the transfer to and disbursement from another fund.

(viii) Income from jointly financed activities represents amounts charged to other organizations for their share of joint costs paid for by the Organization.

(ix) Income for services rendered includes amounts charged for staff salaries and other costs that are attributable to providing technical and administrative support to other organizations.

(x) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments, and investment income earned in the cash pools. All realized losses and net unrealized losses on short-term investments are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds.

(xi) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, income from net gains resulting from currency exchange adjustments, except for those arising from revaluation of current-period obligations as stated in item (l) (i) below, settlements of insurance claims, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed to non-Member States as stated in item (k) (iii) above, monies accepted for which no purpose was specified and other sundry income. In respect of general trust funds, miscellaneous income also includes savings on or cancellation of prior-period obligations.

(xii) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income, as referred to in item (n) (iii) below.

(l) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements. Expenditures also include currency exchange adjustments arising from revaluation of current-period obligations.

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. The inventory of such non-expendable property is maintained at the historical cost.

(iii) Expenditures for future financial periods are not charged to the current financial period but are recorded as deferred charges, as referred to in item (m) (vi) below.

(m) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits.

(ii) Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. Short-term

investments are stated at the lower of cost or market value; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The market value of investments is disclosed in the footnotes to the financial statements.

(iii) Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pools. The investments in the cash pools are similar in nature and are accounted for as set out in item (m) (ii) above. The share in the cash pools is reported separately in each participating fund's statement and its composition and the market value of its investments are disclosed in the footnote to the statement;

(iv) Assessed contributions represent legal obligations of contributors, and therefore the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments.

(v) Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with that fund. Inter-fund balances are settled periodically, depending on the availability of cash resources.

(vi) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery.

(vii) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled.

(viii) Construction in progress is shown in the accounts as such until completion of the construction projects, at which time the completed construction projects, together with the cost of the land, are reflected as capital assets of the Organization.

(ix) Maintenance and repair of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in the notes to the financial statements.

(n) Liabilities and reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for "reserves and fund balances" shown in the financial statements.

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advances received under revenue-producing activities and other income received but not yet earned.

(iv) The commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations relating to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations relating to funds with a multi-year financial cycle remain valid until the completion of the project.

(v) Accrued liabilities for end-of-service and post-retirement benefits comprise those for after-service health insurance, repatriation benefits and unused vacation days. Previously, the accrued liability recorded for after-service health insurance was based on an actuarial valuation, whereas the liabilities for repatriation benefits and unused vacation days were recorded based on current costs without discounting or other adjustments. With effect from the biennium ended 31 December 2009, all three groups of accrued liabilities for end-of-service and post-retirement benefits are determined on an actuarial basis. The change with respect to the repatriation benefits and unused vacation days is considered to be a change in accounting policy. The change, which is in accordance with paragraph 18 of the United Nations System Accounting Standards, is made in order for more reasonable estimates of these liabilities to be incorporated in the financial statements (see note 11).

(vi) Contingent liabilities, if any, are disclosed in the notes to the financial statements.

(vii) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined-benefit plan. An actuarial valuation of the Pension Fund's assets and pension benefits is prepared every two years. As there is no consistent and reliable basis for allocating the related liabilities/assets and costs to individual participating organizations, the United Nations is not in a position to identify its share of the underlying financial position and performance of the Pension Fund with sufficient reliability for accounting purposes and hence has treated this plan as if it were a defined contribution plan. Thus the United Nations share of the related net liability/asset position of the Pension Fund is not reflected in the financial statements. The Organization's contribution to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, currently 7.9 per cent for the participant and 15.8 per cent for the organizations of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation

date. As at the reporting date for the current financial statements, the General Assembly had not invoked this provision.

(o) Technical cooperation activities:

(i) The technical cooperation financial statements report on activities financed by voluntary contributions, funds received under inter-organizational arrangements from UNDP, UNFPA and other sources, and by allocation from section 22 of the regular budget.

(ii) Voluntary contributions from Member States or other donors for technical cooperation activities are recorded as income upon receipt of cash, including amounts received pending the identification of specific projects.

(iii) The allocation of income from UNDP and UNFPA is determined taking into account interest and other miscellaneous income against total expenditure.

(iv) Distribution of interest income for trust funds is calculated at year end using the percentage participation of each fund based on the monthly average fund balance.

(v) Miscellaneous income arising from regular budget activities is credited to miscellaneous income of the General Fund. Interest and miscellaneous income for technical cooperation trust funds are credited to the trust funds concerned.

(vi) Unliquidated obligations for the current period in respect of all technical cooperation activities other than those funded from the regular budget remain valid for 12 months following the end of the calendar year, rather than the biennium, to which they relate. However, in accordance with UNDP/UNFPA reporting requirements, such obligations may be retained beyond 12 months when a firm liability to pay still exists. Savings on or cancellation of prior-period obligations are credited to individual projects as a reduction of current-period expenditure.

(vii) The appropriation for the technical cooperation programmes of the regular budget is administered in accordance with the Financial Regulations and Rules of the United Nations. Unliquidated obligations for the regular programme of technical cooperation that are outstanding at the end of a financial period are transferred from the United Nations General Fund accounts to the technical cooperation accounts in the following financial period.

(viii) A system of average costing is used for UNDP/UNFPA projects whereby those elements of experts' actual costs that are unique to the individual expert are charged to UNDP/UNFPA projects at average cost. This is calculated by apportioning those costs over all UNDP or UNFPA projects in respect of which expert-months have been delivered in the current period.

(ix) The repatriation grant entitlement is calculated on the basis of 8 per cent of net base pay for eligible project personnel, except those subject to average costing.

(p) Trust funds established by the General Assembly or the Secretary-General are of two types — general trust funds and technical cooperation trust funds:

(i) Accounts for general trust funds are maintained under the same accounting procedures as those adopted for the regular budget, except that cancellations of prior-period obligations are credited to miscellaneous income.

(ii) General trust funds are charged with costs for the repatriation grant entitlement, which is calculated on the basis of 8 per cent of net base pay of eligible personnel;

(iii) Funds provided to reimburse the Organization for the use of its facilities are not treated as trust funds. Any unspent balances of such funds held by the Organization are included as part of accounts payable totals reported in the General Fund (statement V) or in other statements.

Note 3
All funds summaries: income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities and reserves and fund balances (statement II); and cash flows (statement III)

(a) Statements I, II and III contain financial results for United Nations funds, which are totalled into eight groups of related funds and, after elimination, combined into a grand total reflecting all activities of the Organization. This combined presentation should not be interpreted to mean that any individual fund can be used for any purpose other than that for which it is authorized. The eight groups consist of:

(i) General Fund and related funds, comprising the United Nations General Fund, Working Capital Fund and Special Account, which is reflected in statement V;

(ii) Technical cooperation activities, which include the financial results summarized in statement VI;

(iii) General trust funds, which include the financial results summarized in statement VII;

(iv) Tax Equalization Fund, which includes the financial results summarized in statement VIII;

(v) Capital master plan, which includes the financial results summarized in statement IX;

(vi) Capital assets and construction in progress, which include the financial results summarized in statement X;

(vii) End-of-service and post-retirement benefits, which include the financial results summarized in statement XI ;

(viii) Other special funds, which include the financial results summarized in Statement XII.

(b) Statement I includes two calculations of the excess or shortfall of income compared with expenditure. The first calculation is based on income and expenditure only for the current period of the biennium. The second calculation shown is a net one, which includes any prior-period adjustments to income or expenditure.

(c) All funds eliminations. Upon combination of all funds into the eight groups (note 3 (a)), eliminations of transactions that occur across the groups (i.e., inter-group transactions) are required in order for a fair presentation of the "Total" column. These eliminations include transactions that comprise income of one group of funds but are the expense of another group, or a receivable of one group that is the payable of another group. All such eliminations are presented in the "All funds eliminations" column.

Note 4
General Fund: status of appropriations (statement IV)

In accordance with General Assembly resolutions 62/237, 62/245, 63/264, 63/268, 63/283 and 64/242, the budget appropriations and gross assessments for the biennium 2008-2009 are as follows:

(Thousands of United States dollars)

		2008	*2009*	*Total*
Budget appropriations (resolution 62/237 A)		2 085 680	2 085 680	4 171 360
Add:	Increased appropriations for the biennium 2008-2009:			
	resolution 62/245	—	36 248	36 248
	resolution 63/264	—	657 472	657 472
	resolution 63/268	—	10 538	10 538
	resolution 63/283	—	9 537	9 537
	resolution 64/242	—	(85 240)	(85 240)
Total 2008-2009 revised budget appropriations		**2 085 680**	**2 714 235**	**4 799 915**
Estimated income (other than staff assessment) for the biennium 2008-2009 (resolution 62/237 B)		24 840	24 840	49 680
Less:	Decrease in income (other than staff assessment) for the biennium 2008-2009 (resolution 63/264):	—	(9 949)	(9 949)
Add:	Increase in income (other than staff assessment) for the biennium 2008-2009 (resolution 64/242):	—	19 686	19 686
Total revised estimated income		**24 840**	**34 577**	**59 417**
Total 2008-2009 revised budget appropriations less total estimated income		**2 060 840**	**2 679 658**	**4 740 498**
Add:	Increase in appropriations for the biennium 2006-2007 assessed in 2008 (resolution 62/237 C)	19 876	—	19 876
	Increase in income (other than staff assessment) for the biennium 2008-2009 to be adjusted against the assessment in 2010 (resolution 64/244 C)	—	19 686	19 686
	Decrease in appropriations for the biennium 2008-2009 (resolution 64/242) to be adjusted against the assessment in 2010 (resolution 64/244 C)	—	85 240	85 240
Less:	Increase in income (other than staff assessment) for the biennium 2006-2007 adjusted against the assessment in 2008 (resolution 62/237 C)	(20 087)	—	(20 087)
	Increase in appropriations for the biennium 2008-2009 (resolution 63/268) to be assessed in 2010 (resolution 64/244 C)	—	(10 538)	(10 538)
	Increase in appropriations for the biennium 2008-2009 (resolution 63/283) to be assessed in 2010 (resolution 64/244 C)	—	(9 537)	(9 537)
		(211)	**(84 851)**	**(84 640)**
Less:	Amount to be assessed in 2010 (resolution 64/244 C)	—	(45 000)	(45 000)
		—	**(45 000)**	**(45 000)**
Gross amount assessed to Member States in the biennium 2008-2009 (resolutions 62/237 C and 63/264 C)		**2 060 629**	**2 719 509**	**4 780 138**

Note 5
United Nations General Fund and related funds (Statement V)

1. United Nations General Fund

(a) Cash and term deposits:

The cash and term deposits figure shown represents the net total of all cash balances (including funds held in non-convertible currencies), less any overdrafts.

(b) Assessed contributions receivable from Member States:

(i) The assessed contributions receivable, as shown in the accounts for the period ended 31 December 2009, have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. Based on United Nations policy, as stated in note 2 (m) (iv) above, no provision has been made for delays in the collection of outstanding assessed contributions.

(ii) In accordance with financial regulation 3.5, payments made by a Member State are credited first to the Working Capital Fund and then to regular budget contributions due in the order in which the Member State was assessed.

(iii) The details of assessed contributions receivable are shown in the report on the status of contributions as at 31 December 2009 (ST/ADM/SER.B/796). The report shows total unpaid assessments of $335,497,221, compared to $335,497,220 in the assessed contributions receivable account in the financial statements. The $1 difference relates to the rounding variances. The total unpaid assessments include the amount of $710,168 that was due from the former Yugoslavia, which ceased to be a Member State on 1 November 2000; this amount will be apportioned among the successor States of the former Yugoslavia pursuant to General Assembly resolution 63/249. In addition, an amount of $10,499,488 that was due from the former Yugoslavia has been written off pursuant to General Assembly resolution 63/249.

(iv) A Member State has indicated that it does not intend to pay some of its assessed contributions relating to certain expenditure items included in the Organization's regular budget or that such contributions will be paid only under certain conditions. As a result, it is estimated that as at 31 December 2009 a cumulative total of $64,603,928 has been withheld by the Member State. This estimate is included in the total contributions outstanding as at 31 December 2009 of $335,497,221 with respect to the regular budget. As payments received are applied towards settlement of the Member State's earliest outstanding assessment, of the total outstanding assessments, $7,492,854 are over one year old and $328,004,367 are less than one year old.

(v) The assessed contributions receivable shown in statement V exclude $16,636,846 in unpaid assessed contributions to the regular budget by China for the period up to 24 October 1971. Following the adoption by the General Assembly on 25 October 1971 of resolution 2758 (XXVI), entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations", that amount has been transferred to a special account under General Assembly resolution 3049 C (XXVII) of 19 December 1972.

(c) The following is a breakdown of other accounts receivable pertaining to the United Nations General Fund that are included in statement V as at 31 December 2009 and 2007:

(Thousands of United States dollars)

Accounts receivable	*2009*	*2007*
Governments	3 250	3 487
Staff members	23 286	20 474
Vendors	4 713	4 086
Specialized agencies	3 453	4 044
Other entities	46 365	48 602
Other	2 904	2 078
Total	**83 971**	**82 771**

(d) The following is a breakdown of deferred charges pertaining to the United Nations General Fund that are included in statement V as at 31 December 2009 and 2007:

(Thousands of United States dollars)

Deferred charges	*2009*	*2007*
Education grant advances	12 379	12 712
Commitments against future years	143 558	91 421
Other	740	481
Total	**156 677**	**104 614**

(e) The following is a breakdown of other accounts payable pertaining to the United Nations General Fund that are included in statement V as at 31 December 2009 and 2007:

(Thousands of United States dollars)

Accounts payable	*2009*	*2007*
Governments	1 958	6 685
Staff members	11 309	11 734
Vendors	28 938	69 644
Specialized agencies	4 545	6 291
Other entities	12 851	22 626
Provisions for repatriation grant	7 097	7 261
Other	3 732	4 269
Total	**70 430**	**128 510**

(f) The surplus account of the United Nations General Fund represents funds available for credit to Member States arising from unobligated balances of

appropriations, cancellation of prior-period obligations and other designated income. The following table shows the composition of total reserves and fund balances as at 31 December 2009 and 2007:

(Thousands of United States dollars)

Reserves and fund balances		*2009*	*2007*
Authorized retained surpluses as established by:			
General Assembly resolutions 2947 A and B (XXVII)		3 938	3 938
General Assembly resolution 36/116 B	45 480		
Less: write-off of arrears for South Africa[a]	19 100	26 380	26 380
General Assembly resolution 40/241 B	10 532		
Less: write-off of arrears for South Africa[a]	4 423	6 109	6 109
General Assembly resolution 42/216 A	154 881		
Less: transfer to Peacekeeping Reserve Fund[b]	82 601		
Less: write-off of arrears for South Africa[a]	30 359	41 921	41 921
Total authorized retained surplus		**78 348**	**78 348**
Less: funding of UNITAR building[c]		9 992	9 992
Net authorized retained surplus		**68 356**	**68 356**
Cumulative surplus:			
Excess of income over expenditure		93 396	96 212
Prior-period adjustments		(11 239)	(633)
Cancellation of prior-period obligations		39 667	45 519
Financing of increase in the Working Capital Fund		—	(34 932)
Subtotal		**121 824**	**106 166**
Balance of cumulative surplus as at 31 December		141 098	34 932
Total cumulative surplus		**262 922**	**141 098**
Total reserves and fund balances		**331 278**	**209 454**

[a] General Assembly resolution 50/83 of 15 December 1995.
[b] General Assembly resolution 47/217 of 23 December 1992.
[c] General Assembly resolution 47/227 of 8 April 1993.

2. Working Capital Fund

(a) The Working Capital Fund was established pursuant to General Assembly resolution 80 (I) in 1946. Under current financial regulations the source of moneys of the fund is advances from Member States made in accordance with the scale of assessments as determined by the General Assembly for the apportionment of the expenses of the United Nations. Advances may be made from the Working Capital Fund to finance budgetary appropriations or unforeseen and extraordinary expenses or for other purposes as authorized by the General Assembly.

(b) In accordance with General Assembly resolution 60/283 of 7 July 2006, the level of the Working Capital Fund increased from $100 million to $150 million with effect from 1 January 2007.

3. United Nations Special Account

Under the provisions of General Assembly resolutions 2053 A (XX) of 15 December 1965 and 3049 A (XXVII) of 19 December 1972, the Special Account has received voluntary contributions from Member States and private donors in order to overcome the financial difficulties of the United Nations and to resolve the Organization's short-term deficit.

Note 6
Technical cooperation activities (statement VI)

The amount of $4,834,000 shown in statement VI as receivable from funding sources includes unliquidated obligations for which funds will be requested only as payments become due, in accordance with existing arrangements with UNDP and UNFPA.

Note 7
General trust funds (statement VII)

(a) During the biennium 2008-2009, 21 new trust funds were established and 14 trust funds were closed. As at 31 December 2009, there were 169 general trust funds.

(b) The General Assembly decided in its resolution 60/124 to upgrade the former Central Emergency Revolving Fund, which provided loans, into the current Central Emergency Response Fund, which, in addition to loans, would also provide grants. The Central Emergency Response Fund is funded from voluntary contributions and is established to ensure a more timely and predictable response to humanitarian emergencies, with the objectives of promoting early action and response to reduce loss of life, enhancing response to time-critical requirements and strengthening core elements of humanitarian response in underfunded crises. Loans provided by the former Central Emergency Revolving Fund and the Central Emergency Response Fund that are outstanding as at 31 December 2009 are shown in appendix A.

(c) The United Nations Office for Partnerships (UNOP) was established in 2006 to strengthen system-wide coherence in the establishment of operational relationships with global partners of the United Nations and is responsible for management of the United Nations Fund for International Partnerships and the Trust Fund for Partnerships. The United Nations Fund for International Partnerships (UNFIP), a trust fund administered by the Secretary-General, was established by the United Nations in 1998 following the agreement signed by the United Nations with the United Nations Foundation, Inc., a not-for-profit corporation organized under the laws of the State of New York of the United States of America. Funding is provided by the Foundation to assist and support the United Nations in achieving the goals and objectives of the Charter of the United Nations. UNFIP, through its administrative office, works with the Foundation to identify and select projects and activities to be funded by the Foundation, receiving and distributing funds for such projects and activities, and monitoring and reporting to the Foundation on the use of

the funds. Upon approval of project documents, UNFIP advances the annual cash requirements to United Nations funds, programmes and specialized agencies. At periodic intervals, implementing partners submit reports providing details of cash disbursed in carrying out project activities, which serve as the basis for clearing the cash advances. The Trust Fund for Partnerships was established in 2009 by the Secretary-General to provide the United Nations Office for Partnerships (UNOP) with a financial mechanism for mobilizing the resources of non-State actors through public/private partnerships, to support the international agenda of the United Nations and the Millennium Development Goals.

Note 8
United Nations Tax Equalization Fund (statement VIII)

(a) The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) of 15 December 1955 to equalize the net pay of all staff members whatever their national tax obligations. The Fund reports as income the staff assessment in respect of staff members financed under the regular budget, assessed peacekeeping operations and the Tribunals for Rwanda and the Former Yugoslavia. The Fund includes as expenditure the credits against the regular budget, peacekeeping and Tribunals' assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes they had to pay on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds.

(b) Cumulative surplus for the United States of America at the end of the biennium 2008-2009 is shown as "Accounts payable to Member States" pending instructions as to its application.

Note 9
Capital master plan and related special accounts (statement IX)

1. Capital master plan

(a) The capital master plan was established in 2001 pursuant to General Assembly resolution 55/238 and encompasses all expenditures relating to the major refurbishment of the United Nations Headquarters complex in New York. The capital master plan was initially financed through an appropriation from the United Nations regular budget and subsequently through separate assessments to Member States. The General Assembly approved, in its resolution 61/251 of 22 December 2006, the capital master plan at a total project budget not to exceed $1,876.7 million (exclusive of any credit facility fees) and the establishment of a working capital reserve of $45 million under the capital master plan.

(b) With effect from 1 January 2008, amounts capitalized as construction in progress for the capital master plan represent only that portion of the expenditures that provides long-term benefits. Expenditures that do not provide long-term benefits, and therefore do not meet the capitalization criteria, are expensed. In addition, expenditures for non-expendable property are also expensed, in accordance with paragraph 43 of the United Nations System Accounting Standards. Previously,

all expenditures for the capital master plan were capitalized. The change is made because it provides for a more appropriate presentation of capital master plan expenditures under the United Nations System Accounting Standards.

(c) This change in accounting policy has been applied retroactively. Had the former policy been continued, the construction-in-progress amount reported under the capital master plan would have been $923,873,940 as of 31 December 2009. Hence, the effect of adopting the new policy is a decrease in the amount that is capitalized as construction in progress for the capital master plan in the current period of $108,007,866 ($160,747,841 cumulatively).

2. Associated costs

The United Nations Special Account for the Capital Master Plan Associated Costs was established in July 2008 to account for the temporary increases in staffing and operational costs during the construction period of the capital master plan and for other costs arising from the capital master plan, including those relating to furniture and equipment. In accordance with section II of General Assembly resolution 63/270, "Associated costs" are financed from within the approved budget of the capital master plan.

3. Secondary Data Centre

The United Nations Special Account for the Secondary Data Centre was established in May 2009 to account for and segregate costs pertaining to the Secondary Data Centre. Amounts recorded under this fund represent costs relating to the temporary site for the Secondary Data Centre. In accordance with General Assembly resolution 63/269, costs for the "Secondary Data Centre" are financed from the support account for peacekeeping operations ($2,031,860), and the remainder from within the approved budget of the capital master plan.

Note 10
Capital Assets Fund and construction in progress (statement X)

1. Capital Assets Fund

(a) Land and buildings are reported at original cost. No depreciation is provided for buildings. Major improvements and extensions to existing buildings are reflected in the construction in progress fund and are capitalized when the projects are completed.

(b) The capital assets of the Organization as at 31 December 2009, expressed in millions of United States dollars, comprise land and buildings (at cost) at the following locations:

(millions of United States dollars)

Capital assets		*Amount*
United Nations building, New York (original cost)	67.1	
Less: cost of library building razed in 1960	1.7	65.4
Dag Hammarskjöld Library building, New York		6.7
Land for permanent Headquarters site, New York		9.6
Extension of meeting rooms of North Lawn and delegates' dining facilities and staff cafeteria, New York		56.2
UNITAR building		11.0
Security enhancements		43.0
Secondary Data Centre		1.1
Subtotal		**193.0**
Secretariat building and General Assembly Hall, library building and villas, Geneva		12.3
Modernization of the Palais des Nations, Geneva		2.1
Major maintenance, Geneva		6.7
Extensions of conference facilities, Geneva		47.7
Security enhancements		36.2
Subtotal		**105.0**
United Nations accommodation at Nairobi, Gigiri building		27.1
Conference facilities at Nairobi, Gigiri building		10.0
Security enhancements		1.9
Subtotal		**39.0**
United Nations building, Vienna:		
Security enhancements		4.6
Subtotal		**4.6**
Land and structures, Addis Ababa, Mogadishu and Pusan		0.3
ECA building, Addis Ababa		7.5
New ECA conference facilities		115.0
Security enhancements		2.1
Subtotal		**124.9**
United Nations building, Santiago		5.6
Documents Research Centre, Santiago		1.0
Annex — north building		2.0
Security enhancements		1.3
Subtotal		**9.9**
ESCAP building, Bangkok	8.7	
Less: cost of the Netherlands building razed in 1990	0.2	8.5
ESCAP conference building in Bangkok		46.5
Security enhancements		1.2
Subtotal		**56.2**
Total		**532.6**

2. Construction in progress

(a) The financial statements for construction in progress comprise those for security measures and other discrete construction-in-progress projects.

(b) All construction-in-progress accounts are maintained on a multi-year financial cycle. Any unexpended balances of appropriations are carried forward into succeeding bienniums until the projects are completed.

(c) Capital expenditures incurred net of cancellation of prior-period obligations and prior-period adjustments are transferred to and reported as construction in progress in the statement of assets, liabilities and reserves and fund balances.

(d) The Fund for Security Measures was established in 2002 pursuant to General Assembly resolution 56/286 to account for and report on the resources authorized by the General Assembly for alteration and improvements of United Nations premises and on related expenditures in respect of strengthening the security and safety of the United Nations premises. Funds for security measures are appropriated from the United Nations regular budget.

Note 11
End-of-service and post-retirement benefits (statement XI)

(a) End-of-service and post-retirement benefits comprise after-service health insurance coverage, repatriation benefits and commutation of unused vacation days. As disclosed in note 2 (n) (v), with effect from the biennium ended 31 December 2009, all three liabilities are determined on the basis of an actuarial valuation, which was undertaken by an independent, qualified actuarial firm.

(b) After-service health insurance:

(i) Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health-insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those who were recruited prior to that date. This benefit is referred to as after-service health insurance.

(ii) The major assumptions used by the actuary to determine the liabilities for after-service health insurance as at 31 December 2009 were a discount rate of 6.0 per cent; health-care escalation rates of 8.4 per cent in 2010, grading down to 4.5 per cent in 2027 and later years for United States medical plans, and 6.0 per cent in 2010, grading down to 4.5 per cent in 2027 and later years for medical plans outside the United States; and retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits. By comparison, the assumptions used to determine the liabilities for after-service health insurance as at 31 December 2007 were a discount rate of 5.5 per cent; health-care escalation rates of 9.5 per cent in 2008, grading down to 5.0 per cent in 2015 and later years for United States medical plans, and 5.7 per cent in 2008, grading down to 4.5 per cent in 2012 and later years for medical plans outside the United States. There have been no changes in the Pension Fund retirement, withdrawal and mortality assumptions since the 2007 valuation.

(iii) Another factor in the after-service health insurance valuation is to consider contributions by all plan participants in determining the Organization's residual liability. Thus, contributions from retirees are deducted from the gross liability and, commencing with the 31 December 2009 valuation, a portion of the contributions from active staff is also deducted to arrive at the Organization's residual liability in accordance with cost-sharing ratios authorized by the General Assembly. Those ratios require that the Organization's share shall not exceed one half for non-United States health plans, two thirds for United States health plans and three quarters for the medical insurance plan. This refinement in the determination of plan participant contributions is reflective of the fact that both active and retired staff participate in the same health-insurance plans and that their collective contributions serve to meet the approved cost-sharing ratios.

(iv) On the basis outlined in subparagraphs (ii) and (iii) above, the present value of the accrued liability as at 31 December 2009, net of contributions from plan participants, and excluding the liability related to peacekeeping operations which is shown in volume II of the financial statements for peacekeeping operations, was estimated at $1,937,522,000. This reflects actuarial gains of $290,479,000 under the regular budget and $64,289,000 under extrabudgetary resources resulting from the updating and refinement of actuarial assumptions noted in subparagraphs (ii) and (iii) above and based on updated census, health-insurance claims and other data.

(Thousands of United States dollars)

After-service health-insurance liabilities	*Regular budget*	*Extrabudgetary resources*	*Total*
Gross liability	2 884 451	345 405	3 229 856
Offset by contributions from plan participants	(1 149 878)	(142 456)	(1 292 334)
Net liability of the Organization	**1 734 573**	**202 949**	**1 937 522**

(v) Further to the assumptions set out in paragraph (b) (ii) above, it is estimated that the present value of the liability would increase by 18 per cent or decrease by 14 per cent, respectively, if the medical cost trend increased or decreased by 1 per cent, all other assumptions remaining constant. Similarly, it is estimated that the accrued liability would increase by 19 per cent or decrease by 15 per cent, respectively, if the discount rate is decreased or increased by 1 per cent, all other assumptions remaining constant.

(c) Repatriation benefits:

(i) Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant, which is based on length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits.

(ii) As referred to in note 2 (n) (v), a consulting actuary was engaged to carry out an actuarial valuation of repatriation benefits as at 31 December 2009. Previously, the liabilities for repatriation benefits were calculated on the basis of current costs as at the reporting date, without discounting or other adjustments.

(iii) The major assumptions used by the actuary were a discount rate of 6.0 per cent, annual salary increases ranging from 10.6 per cent to 5.5 per cent based on age and category of staff members, and travel cost increases of 4.0 per cent per annum.

(iv) On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2009 was estimated at $116,025,000 for regular budget and $24,670,000 for extrabudgetary resources that are included in volume I of the United Nations financial statements.

(v) The change in accounting policy to an actuarial basis for measuring the liability for repatriation benefits has not been applied retroactively, owing to the impracticality of undertaking an actuarial valuation as at 31 December 2007. Had the former, current-cost methodology been continued, the liability would have been $125,531,000 for the regular budget and $30,068,000 for extrabudgetary resources as at 31 December 2009. Hence, the effect of adopting this new policy in the current period is a decrease in both liabilities and non-budgeted accrued expenses in the amount of $9,506,000 for the regular budget and $5,398,000 for extrabudgetary resources.

(d) Unused vacation days:

(i) Upon end of service, staff members may commute unused vacation days, up to a maximum of 60 working days for those holding fixed-term or continuing appointments.

(ii) As referred to in note 2 (n) (v), a consulting actuary was engaged to carry out an actuarial valuation of unused vacation days as at 31 December 2009. Previously, the liabilities for unused vacation days were calculated on the basis of current costs as at the reporting date, without discounting or other adjustments.

(iii) The major assumptions used by the actuary were a discount rate of 6.0 per cent and an annual rate of increase in accumulated annual leave balances of 15 days in the first year, 6.5 days per year in the second to sixth years, and 0.1 days annually thereafter, capping at an accumulation of 60 days. Salaries are assumed to increase annually at rates ranging from 10.6 per cent to 5.5 per cent based on age and category of staff members.

(iv) On the basis of these assumptions, the present value of the accrued liability for unused vacation days as at 31 December 2009 was estimated at $78,648,000 for the regular budget and $17,357,000 for extrabudgetary resources that are included in volume I of the United Nations financial statements.

(v) The change in accounting policy to an actuarial basis for measuring the liability for unused vacation days has not been applied retroactively, owing to the impracticality of undertaking an actuarial valuation as at 31 December 2007. Had the former, current-cost methodology been continued, the liability would have been $131,984,000 for the regular budget and $36,716,000 for extrabudgetary resources as at 31 December 2009. Hence, the effect of adopting this new policy in the current period is a decrease in both the liabilities and non-budgeted accrued expenses in the amount of $53,336,000 for the regular budget and $19,359,000 for extrabudgetary resources.

Note 12
Other United Nations special funds (statement XII)

1. Funds held in trust (schedule 12.1)

(a) Funds held in trust account for activities with respect to the various health and life insurance plans of the United Nations, for compensation payments under appendix D to the Staff Rules, and for liability claims associated with the general liability of the Organization.

(b) In order to enhance the presentation of information in the financial statements with respect to medical and dental insurance programmes administered by Blue Cross, Aetna, Cigna and Van Breda, with effect from 1 January 2008, premiums collected are shown as income and claim payments are accounted for as expenditure; previously, these were accounted for in the General Fund. Comparative amounts have not been restated owing to lack of complete data.

(c) Following the earthquake in Haiti in January 2010, it is expected that eligible staff entitled to compensation payments under appendix D shall be paid from the compensation fund established for the peacekeeping operations which is included in the "Compensation awards" column. The amount of compensation payments cannot be estimated with reasonable accuracy at this stage.

2. Special accounts for administrative cost recoveries (schedule 12.2)

(a) The special accounts for administrative cost recoveries are shown separately from the extrabudgetary funds from which they derive their incomes.

(b) Reimbursement for administrative costs is provided for in respect of extrabudgetary technical cooperation, administrative and substantive activities. The reimbursement is generally calculated as a percentage of the resources expended, except for general trust fund allocations.

(c) Unliquidated obligations in respect of special accounts for administrative cost recoveries are accounted for on the same basis as for the programme budget.

(d) The support account for peacekeeping operations is presented in volume II of the United Nations financial statements.

3. Common support services (schedule 12.3)

(a) Special Account for the Implementation of the Enterprise Resource Planning system. Pursuant to General Assembly resolution 63/262, the fund was established as a special multi-year account to account for the activities relating to the new Enterprise Resource Planning system with initial funding of $20 million comprising $7,840,000 from extrabudgetary resources, $7,050,000 from the peacekeeping support account, and $2,346,000 from accumulated interest income in the special account for the Integrated Management Information System. An additional amount of $2,764,000 has been funded from within the overall 2008-2009 appropriations for the regular budget.

(b) Integrated Management Information System (IMIS). The fund was established to account for the activities relating to the IMIS project. Initial funds were appropriated from the United Nations regular budget and allocations were provided from various funds, including the peacekeeping accounts. At the end of the

biennium, unexpended fund balances were carried forward to the succeeding biennium. Pursuant to General Assembly resolution 63/262, an amount of $2,346,000 representing the remainder of cumulative interest income was utilized to provide funding for the new Enterprise Resource Planning fund.

(c) Information technology and telecommunications represents the Special Account for Information Technology and Telecommunications Services Costs at Headquarters, which was established during the biennium 2000-2001 to account for the recovery of the costs associated with information technology and telecommunications services provided by the Office of Information and Communications Technology at United Nations Headquarters. Such costs, which include common carrier costs, infrastructure maintenance and development costs, and operational and management costs of the Office of Information and Communications Technology, are reimbursed by users of the services.

(d) Travel services represents the Special Account for Travel Services, which was established during the biennium 2000-2001 to account for the travel services provider at Headquarters. Effective 2006, travel tickets raised at Headquarters are charged a percentage fee, currently set at 4.5 per cent, in order to provide the required funding for the travel services provider at Headquarters.

(e) Rented premises represents the Special Account for Rented Premises at Headquarters, which was established during the biennium 2002-2003 to account for rental and maintenance costs of rented premises at Headquarters.

4. Jointly financed activities (schedule 12.4)

(a) Costs of the International Civil Service Commission, the Joint Inspection Unit, the CEB secretariat, joint safety and security activities, the Malicious Acts Insurance Policy, the Dag Hammarskjöld Library Consortium and jointly financed activities pertaining to safety and security, conference and administrative services and the access control programme in the United Nations Office at Vienna, are charged directly to the fund established for these jointly financed activities. These costs are charged directly to the fund when incurred and are distributed among participating organizations. The amounts payable by the United Nations and other participating organizations are credited to income.

(b) In order to improve the presentation of the financial statements, effective 1 January 2008, activities relating to the United Nations Health Care Centre — ECA and the United Nations System Staff College are reported in schedule 12.2 and statement XII, respectively. Comparative figures have been adjusted accordingly.

5. Supplementary development activities

(a) Supplementary development activities represent the special multi-year account for supplementary development activities, which was established by the General Assembly in its resolution 54/15. Resources appropriated under the section for the Development Account of the United Nations regular budget are transferred into the special multi-year account.

(b) The unspent balance of appropriations at the end of the biennium is carried forward to the succeeding biennium.

6. Conferences and conventions (schedule 12.5)

Conferences and conventions comprise:

(a) "Conferences and substantive meetings pursuant to host country agreements", which accounts for conferences and meetings that are undertaken pursuant to host country agreements;

(b) "Conferences of States parties to treaties and conventions" accounts for conferences and conventions that are undertaken pursuant to treaty and similar agreements. Included in this column are the Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, the Convention on Certain Conventional Weapons, and the Ottawa Convention on Landmines.

In order to improve the presentation of the financial statements, these activities are, with effect from 1 January 2008, reported in volume I of the United Nations financial statements.

7. United Nations System Staff College

(a) Pursuant to General Assembly resolution 55/278, the United Nations System Staff College was established with effect from 1 January 2002 and a special account was created for the activities of the College, which is reported on the financial statements of the United Nations. The College serves as the institution for system-wide knowledge management, training and continuous learning for the staff of the United Nations system, aimed in particular at the areas of economic and social development, peace and security and internal management of the United Nations system.

(b) With effect from 1 January 2008, the United Nations System Staff College is shown in statement XII, whereas previously it was included in schedule 12.4.

8. Other United Nations funds (schedule 12.6)

(a) The Nobel Peace Prize Memorial Fund was established with effect from 29 May 2003 for the receipt and administration of the entire proceeds of the Nobel Peace Prize awarded in 2001 to the United Nations and the Secretary-General. The Fund may also receive contributions from others. The purpose is to create a living memorial to the United Nations civilian personnel who have been killed in the service of peace and to assist in the education of their surviving children. Following the earthquake in Haiti in January 2010, the terms and reference of the Fund are being revised to assist families of United Nations civilian personnel killed in the line of duty and victims and survivors of malicious acts or natural disasters to re-establish their lives and educate their children.

(b) United Nations Mission in East Timor:

(i) By its resolution 1246 (1999), the Security Council established the United Nations Mission in East Timor (UNAMET) to organize and conduct a popular consultation, on the basis of a direct, secret and universal ballot.

(ii) UNAMET was succeeded by the United Nations Transitional Administration in East Timor (UNTAET), then by the United Nations Mission

of Support in East Timor (UNMISET), and finally by the United Nations Mission in Timor-Leste (UNMIT), all of which are funded from the United Nations peacekeeping budget.

(c) United Nations bonds represent the Special Account for Sale of United Nations Bonds. Under the terms of General Assembly resolution 1739 (XVI) of 20 December 1961, the Secretary-General was authorized to issue bonds up to a total of $200 million, utilizing the proceeds of sale for purposes normally associated with the Working Capital Fund. The Secretary-General was also requested to include in the regular budget an amount sufficient to pay interest and instalments of principal, in accordance with the terms of the issue. A total of $169,906,000 was realized from the sale of the bonds and utilized for the United Nations Emergency Force (1956) and the United Nations Operation in the Congo. The last payments of principal and interest were made to bond holders in the biennium 1988-1989, and the bond issue is now fully amortized.

(d) Cafeteria Amortization Fund. The Fund was established as a revolving fund at the United Nations Office at Geneva in 1972 to accumulate reserves for the replacement of catering equipment and to account for related expenditures.

(e) Liquor Revolving Fund. The Fund is maintained as a revolving fund to account for purchases and sales of liquor at United Nations Headquarters.

(f) Others comprise funds for common services, special awards, and maintenance and repair of the residence of the Executive Secretary of the Economic Commission for Africa.

Note 13
Contributions in kind

During the biennium 2008-2009, the Organization received voluntary contributions in kind for various goods and services from Governments and other organizations. The estimated fair value of such contributions in kind was $43,894,000, comprising $23,259,000 for the United Nations General Fund, including $19,948,000 from the Government of Spain for renovation and refurbishment of a conference room at the United Nations Office at Geneva, $12,584,000 for general trust funds, $8,046,000 for technical cooperation trust funds and $5,000 for special accounts.

Note 14
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets of the Organization but is charged against the current appropriations when acquired. The table below shows the non-expendable property at Headquarters and overseas locations, according to the cumulative inventory records of the United Nations as at 31 December 2009 and 2007, respectively.

(Thousands of United States dollars)

Location	*2009*	*2007*
Major duty stations		
Headquarters, New York	179 691	118 158
United Nations Office at Geneva	52 203	51 579
United Nations Office at Vienna	17 637	14 453
United Nations Office at Nairobi	14 411	9 023
Economic commissions		
ECA	29 493	30 023
ECLAC	7 015	6 330
ESCAP	10 140	7 334
ESCWA	4 243	3 512
Special political missions and offices		
BINUB	24 464	50 890
BONUCA	1 301	2 430
MINUCI	—	14
UNAMA	42 206	32 657
UNAMI	51 474	38 186
UNIIIC	—	1 887
UNIOSIL	6 633	22 216
UNIPSIL	7 704	—
UNMIN	9 030	15 734
UNMOGIP	6 518	6 881
UNOGBIS	1 283	—
UNOTIL	—	561
UNOWA/CNMC	1 467	1 071
UNPOS	2 273	1 021
UNSCO	3 542	—
UNTSO	11 527	13 562
Field offices		
Department of Safety and Security	17 816	8 953
Department of Political Affairs	1 186	92
Department of Economic and Social Affairs	3 141	—
Office for the Coordination of Humanitarian Affairs	20 095	1 156
Office for Disarmament Affairs	522	431
Office of the High Commissioner for Human Rights	7 493	3 204
Other offices		
ICJ	1 506	1 416
INSTRAW	241	298
United Nations Information Centres	4 405	4 825
Total	**540 660**	**447 897**

The movement in non-expendable property during the biennium 2008-2009 is summarized below:

(Thousands of United States dollars)

Balance at 1 January 2008	447 897
Acquisitions	170 059
Less: write-offs — accidents, thefts and damages, etc.	(7 041)
Less: dispositions	(111 653)
Other adjustments[a]	41 398
Balance at 31 December 2009	**540 660**

[a] Includes primarily upward adjustments of $39,523,000 at United Nations Headquarters arising from 2008 physical inventory count and $14,002,000 from the inclusion of field offices of the Office for the Coordination of Humanitarian Affairs for the first time, offset by a negative adjustment of ($21,382,000) at the United Nations Integrated Office in Burundi (BINUB) owing to the incorrect inclusion in 2007 of properties pertaining to the United Nations Operation in Burundi (ONUB), a peacekeeping mission which was reported in volume II of the United Nations financial statements.

Appendix A

Central Emergency Response Fund[a]

Loans receivable as at 31 December 2009

(Thousands of United States dollars)

Organization	*Country*	*Amount outstanding 1 January 2008*	*Amount advanced in 2008-2009*	*Amount reimbursed in 2008-2009*	*Amount outstanding 31 December 2009*
FAO	Sudan	9 680	—	9 680	—
OCHA	Sudan	1 000	—	1 000	—
OCHA	Chad	—	351	—	351
OCHA	West African Region	—	736	—	736
OCHA	Colombia	—	674	—	674
OCHA	Somalia	—	216	—	216
OCHA	Zimbabwe	—	591	—	591
UNDP	Sudan	2 660	—	1 446	1 214
UNICEF	Sudan	15 000	—	15 000	—
WFP	Sub-Saharan Africa	—	30 000	30 000	—
WHO	Sudan	300	—	—	300
WHO	Chad	100	—	—	100
Total		**28 740**	**32 568**	**57 126**	**4 182**

[a] Includes loans made by the former Central Emergency Revolving Fund.

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